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3 SEPTEMBER 1986

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GOVERNMENT REORGANIZATION COMMISSION ISSUES RECOMMENDATIONS

Urges Business Deregulation

HK041035 Manila MANILA BULLETIN in English 1 Aug 86 p 19

[Text] The Presidential Commission on Government Reorganization (PCGR) has called for "economic deregulation" as part of the overall program to reorganize the entire government bureaucracy.

Declaring that the Aquino government would adhere to market mechanisms to regulate social and economic activity, the Book I of the PCGR report submitted to the Cabinet devoted a full section on government regulations affecting the economy.

The commission pointed out that the "preponderance of economic regulations" was among the most prominent concerns expressed by the public during its public forums.

It said that existing regulations did not permit the free play of market forces.

It cited a few instances where competition was inhibited by regulations from government.

Certain government-owned or controlled corporations are vested with monopoly or near monopoly privileges.

In some cases, such as the National Steel Corporation's exclusive right to import steel scrap, there was absolutely no economic rationale for the privilege, the PCGR noted.

In other cases, such as the trading monopoly in sugar (now disbanded), "Justification was clearly specious and enforced only by virtue of martial rule."

Some regulations, according to the PCGR report, are discriminatory in effect. It cited the rules of the Ministry of Transportation and Communications which are "skewed in favor of bus operators." [sentence as printed] Also, the rules of the Board of Investments [BOI], which grant incentives only to a limited group included in the BOI's "industry capacity" yardstick, is another case in point.

Some regulatory agencies are vested with price-fixing powers that inhibit competitive pricing in the market. The PCGR report cited the cement and tourist industries.

In the cement industry, the PCGR noted that the price-fixing power of the regulatory agency had the effect of the local market subsidizing the foreign market sales of the industry.

In the tourist industry, the commission pointed out that the local industry was not able to maximize its competitive posture in the world tourist market because of floor prices set by the Ministry of Tourism.

The commission stressed that the "regulatory structure of government" had a clearly inflationary effect on market price.

Certain regulations, likewise, are "simply taxation measures disguised as regulations, whose benefits redound only to the bureaucracy."

Some regulations are also ineffective, others unenforceable.

The commission recommended a comprehensive review of all existing regulations.

It proposed the adoption of a "socioeconomic impact analysis statement" policy, which would bind the government to make a "quantitative analysis" before any legislation or regulation could be formulated.

The PCGR also called for an "institutionalized tracking mechanism" to monitor, compile and collate regulatory issuances so that both regulators and regulatees would have ready access to a single, coherent, and authoritative source of the updated correlated versions of regulations.

Proposes Sale of Government Corporations

HK050407 Manila MANILA BULLETIN in English 3 Aug 86 p 26

[By Romeo V. Mapile]

[Excerpt] The Presidential Commission on Government Reorganization has proposed the sale of 87 of the 214 non-financial government corporations to reduce the financial burden of the government, raise cash and narrow the budget deficit and minimize competition with the private sector.

Heading the list of government firms recommended for privatization are the Philippine National Oil Company [PNOC] with total assets of P28.8 billion, the Philippine Airlines with assets of P8.13 billion, and the National Steel Corp. with assets of P4.1 billion.

Other government corporations proposed for sale are: PNOC Coal, with assets of P919 million, Food Terminal Inc., P699 million, Metro Manila Transit, P605 million, and the Manila Hotel, P292.87 million.

The ministries that would be affected by the proposed government withdrawal from businesses competing with the private sector are the Ministry of Trade and Industry, to be divested of 19 corporations, Ministry of Human Settlement, 17, the National Economic and Development Authority, 15; and the Ministry of Energy, 9.

Seeks Merger of 21 Firms

HK041541 Manila MANILA BULLETIN in English 4 Aug 86 p 22

[By Romy V. Mapile]

[Text] The Presidential Commission on Government Reorganization has recommended to President Corazon Aquino and the Cabinet the consolidation of 21 government corporations into conglomerates.

Minister Luis Villafuerte, chairman of the PCCR, said consolidation would mean the merger of two or more corporations into one entity, as when duplication of functions exist.

Villafuerte gave the assurance that the abolition of some of the corporations will not result in the withdrawal of the government from the operations carried out by the abolished corporations.

Proposed by the PCCR for consolidation, not necessarily from within the same ministry, are: Bliss Development Corp., Bataan Refinery Corp., DBP Data Center, DBP Management Corp., DBP Service Corp., Farm Systems Development Corp., Filoil Industrial Estates, Filoil Refinery Corp., Hotel Development Corp., MIRDC Testing Corp., Music Promotion Foundation of the Philippines, National Investment and Development Corp., National Service Corp., PNOC Energy Drilling, Inc., PNOC Exploration Corp., Petron TBA Corp., Petrophil Corp., Philippine Convention Bureau, Philippine Tobacco Administration, Rural Waterworks Development Corp., and Samar Sea-Ticao Pass Fish Development Corp.

At the same time, the PCCR recommended the conversion of 14 government corporations into regular government agencies.

The government corporations recommended for conversion are: Center for International Trade Expositions and Missions, Instructional Materials Corp., National Cottage Industries Development Authority, People's Livelihood Enterprises, Inc., Philippine Gaming and Amusement Corp., Philippine Charity Sweetstake Office, Philippine Dairy Corp., Philippine Institute for Development Studies, Philippine Tourism Authority, Philippine Veterans Assistance Council, Revenue Information System, Technology Management Development Corp., Technology Resource Center, and Wood Industry Development Authority.

The PCGR further recommended the conversion of non-stock, non-profit government corporations into private corporations through registration with the Securities and Exchange Commission without necessarily changing their management. These are: Boy Scouts of the Philippines, Girl Scouts of the Philippines, Integrated Bar of the Philippines, National Social Action Council, Nayong Filipino Foundation, Philippine National Red Cross, Philippine Shippers Council, and Veterans Foundation of the Philippines.

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CSO: 4200/1302

PIMENTEL DEFENDS OIC SYSTEM UNDER FIRE

HK041213 Quezon City NEW DAY in English 4 Aug 86 p 2

[By Ma. Socorro G. Naguit]

[Text] Amid reports of probable bloodshed in Masbate Province, a 72-hour-ultimatum asking Sulu OIC [Officer in Charge] Indanan Anni to explain why he appointed close relatives as town OIC's in the province, threats by the Pangasinan vice-governor and members of the provincial board to resign if OIC Demetrio Demetria remains in office, and his own proposal (among other options) to install Ilocos Sur OIC Sally Villanueva "with the help of the military," Local Governments. Minister Aquilino Pimentel told NEW DAY this week: "The OIC situation is very much under control. The problem has been magnified beyond proportion by some segments of the media."

Pimentel buttressed his claim by reporting that "out of 75 provinces, only three provinces are still plagued by serious problems."

Just how serious the remaining problems are was officially recognized by President Aquino this week when she took a direct hand in resolving the disputes by summoning the protagonists to Malacanang.

But even Mrs. Aquino's troubleshooting attempts thus far seem to promise no end to the controversies, judging from the offshoot of her reinstatement of former member of Parliament Jolly Fernandez as Masbate OIC. The President ordered Fernandez's reinstatement at the end of a 15-day suspension, a sanction she had imposed on him for appointing on his own mayors and officers-in-charge of the towns of Uson and Aroroy. Fernandez's reinstatement, reports reaching Malacanang indicated, only served to aggravate tension in Masbate, whose residents are reportedly gripped by fear of bloody confrontations between supporters of Fernandez and replaced OIC Nestor Espenilla.

The situation in Pangasinan, Ilocos Sur, Sulu and Cavite—the areas that have been in the news the last several weeks because of embittered wranglings over OIC posts—has been just as bothersome.

Pimentel told newsmen Wednesday that he had given Sulu OIC Indanan Anni 72 hours to explain why he appointed his wife, a son, two brothers, a brother-in-law, a nephew and nephew-in-law to OIC posts in the province.

In Pangasinan, Vice-Governor Rafael Colet and six designated provincial board members threatened to resign this week if Demetria remains in office. Deputy Foreign Minister Leticia Ramos Shahani has also reiterated her objections to the appointment of Demetria, saying she could produce evidence linking the Pangasinan OIC to cases of graft and corruption, monopoly of jueteng and other vice establishments, terrorism and nepotism. She has vowed to support ouster moves against Demetria.

In Ilocos Sur, Luis "Chavit" Singson announced Tuesday that he would continue to resist any move of Villanueva to take over the governor's office. Singson has claimed that "the people of Ilocos Sur do not want Mrs Rosalia Villaneuva to rule them." Pimentel's concern has become evident with his announcement this week of three options to resolve the Ilocos Sur controversy:

1. Install Villaneuva with the help of the military,
2. Replace her with Deputy Labor Minister Pablito Sanidad as a compromise, or designate Melchor Padua, a close associate of the late Sen. Benigno Aquino Jr., as the new OIC.

In Cavite, where OICs have been replaced so often that many towns have seen at least two OICs come and go, OICs of the province's 22 towns dramatized with a high mass last Sunday their concern over Pimentel's statement last week that "the purge of OICs has barely started." After the Mass, they organized themselves into a mayor's league to resist moves to remove any of them. Governor Fernando Campos, who heads the league, is reportedly seeking an audience with President Aquino in the hope that the league's plan to mount stronger protests may become unnecessary. Campos said the OICs could not start solving many of Cavite's problems, such as banditry and illegal fishing, because of their discomfiture over reports that they may lose their jobs soon.

The OIC controversies drag on, in a number of cases sparking strong protests ranging from the barricading of capitol buildings to marches by coffin-bearing rallyists to the stoning and overturning of vehicles.

But Pimentel dismissed impressions that the OIC controversies have unraveled into a messy affair he told NEW DAY: "There's not much of a mess really. If you look at these cases more dispassionately, there has been no chaos really."

His considering the need for "help from the military" in installing OICs in bitterly-contested posts, though, is seen by observers as a sign that he views the disputes with more urgency than he wants to admit publicly.

"The principal difficulty is the misinformation being peddled by incumbents that they have the support of the military," said Pimentel. "Once this impression is removed, and the government shows more decisiveness in installing appointed OICs, then these problems would disappear."

Pimentel added: "If the incumbent who is being replaced refuses to vacate his post, I believe the adequate force of the law must be used to uphold the processes of government. Perhaps OICs can be escorted to their office, and those who would do them harm can be prevented from doing so."

Despite his efforts to play down the seriousness of the OIC issue, Pimentel appears to confirm sentiments that the disputes had dragged on for too long and firmer action is now needed.

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CSO: 4200/1302

MINISTER SAYS ECONOMIC GROWTH 'TOP PRIORITY'

HK220456 Manila MANILA BULLETIN in English 21 Jul 86 p 17

[Text] The government expects to encounter problems with foreign creditors if it decides to adopt radical debt repayment options, like pegging of interest payments as a percentage of export earnings, Economic Planning Minister Solita Monsod has said.

This was amply demonstrated when Chairman John Reed of Citibank and Citicorp warned in a speech in Manila recently of consequences both to the Philippines and its people if it adopted a Peruvian approach in settling its foreign debts.

But the government, she stressed, should consider other options of paying back foreign debts if schemes such as the debt-to-equity conversion program, multi-year restructuring and rescheduling of the country's foreign debts would not allow the economy to grow.

She added that everyone in the Cabinet was batting for positive growth in the economy which was top priority as far as the government was concerned in talks with its foreign creditors.

She disclosed that Peru was subjected to retaliatory measures by foreign creditors when some P200 million in loans were withdrawn from that country.

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CSO: 4200/1302

ECONOMIC RECESSION WORSENS; GOVERNMENT PLANS REFLATION

HK290807 Quezon City BUSINESS DAY in English 28 Jul 86 p 3

[By Daniel C. Yu]

[Text] The economy continued to slide deeper into recession five months after the new government took over at the sum of goods and services produced in the country or the gross national product (GNP) slowed down by 3 percent in the first semester.

BUSINESS DAY computations showed that GNP dropped to P44,426 million during the first half of 1986 from the yearago level of P45,800 million.

At the same time, the inflation rate, for which the previous government had to take drastic steps in 1984 and 1985 to control, continued to decline. Estimates based on government data showed that inflation from June last year to June this year was zero. (The consumer price index for June 1986 was the same as that for June 1985.) On the other hand, the inflation rate since March this year has been negative, reflecting the continuing weak demand in the market.

"We are certainly worried with these developments and we have to reflate the economy as soon as possible through an emergency employment program," Economic Planning Minister Solita Monsod said over the weekend.

Bankers last week reported that there is still no perspective rise in bank borrowings, leaving most banks awash with cash. Some banks have had to content themselves with investing their funds in government securities even though the yields of these securities are no longer attractive.

An indication of the level of liquidity of the banking system is the continued drop in Central Bank [CB] overnight repurchase rates and the inter-bank call loan rate. The CB repurchase rate as of last Friday stood at 11 percent, as against its weekago level of 14 percent and month-ago level of 17 percent. The weighted average inter-bank call loan rate for Thursday last week stood at 5.9 percent compared to the monthago level of 12.38 percent.

The overnight repurchase is a facility used by banks to cover their reserve deficiencies of the previous day. Under this arrangement, the proceeds of the [word indistinct] the deficient bank's demand deposit with the CB are credited as of the previous day and debited on the following day when the facility is transacted.

The interbank call loans, on the other hand, are loans extended by banks to other banks for a period not exceeding 24 hours for purposes of covering reserve deficiencies.

Movements in both rates reflect the level of liquidity in the banking system and mirror general business activity for a given period of time.

Documents obtained by BUSINESS DAY showed that the government has drawn up a massive reflation plan for the rest of this year that would hopefully reverse the downward trend of the first six months.

Among others, a plan to further reduce banks' reserve requirements from the present level of 23 percent to 22 percent is being considered. The move is aimed at making available more loanable funds to the market that could hopefully further reduce interest rates to more attractive levels. Already the prime lending rates of major banks have dropped to 13.5 percent.

As an additional measure, the government is also considering the redemption of the highly controversial CB bills over a period of time which will also be in line with the current thinking of disallowing the CB from issuing its own interest-bearing instruments.

The pump priming program is ready for implementation. According to Budget Minister Alberto Romulo, the government has been meeting with regional development councils in the provinces to determine what projects are to be funded.

For the second half of this year, government pump priming will come from an outlay totaling P23 billion. For capital expenditures, a total of P9 billion has been set aside while for maintenance and operating expenses a total of P14 billion has been budgeted.

The huge allocation to be channeled to the rural sector, primarily for labor-based industries, will form the core of the government emergency employment program aimed at translating increased income in the rural sector into higher demand for industrial goods.

The International Monetary Fund (IMF) which is holding talks with the Philippines for a new standby credit agreement has given the government a free hand regarding its expansionary monetary program. However, it has expressed some concern on whether the funds allocated to reflate the economy could actually be spent during the limited period.

The Fund's concern was raised during its meeting last Thursday with the Philippine negotiating team on the budget deficit for this year, estimated at P27 billion.

BUSINESS DAY sources close to the negotiating team said the Philippine panel made clear the need for a growth-oriented budget but the IMF suggested reducing the figures on current operating and capital expenses.

The Philippine negotiators however rejected the idea, citing the huge allocation set aside for government financial institutions. Any reduction in expenditures would mean that such government financial institutions as the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP) will be unable to pay their loans to international creditors.

Philippine monetary officials said the pump priming effort would go on for at least 18 to 24 months. After this, it is projected that the private sector would be able to sustain the momentum.

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BUDGET MINISTER SEES P30 BILLION DEFICIT

HK041013 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 2 Aug 86 pp 9, 10

[By F.V. Maragay]

[Text] The government's budget deficit is projected to swell to about P30 billion because of its policy to "pump prime" the economy and huge allocations for state-owned enterprises and financial institutions.

Earlier government estimates placed the budget gap at P27 billion. The new target is about 4.5 percent of the gross national product (GNP).

Budget Minister Alberto Romulo disclosed this recently even as he added that government expenditures, including debt servicing, for the rest of the year could reach P114.7 billion.

He told members of the Public [word indistinct] Society of the Philippines (PRSP) that the government has earmarked some P30.7 billion as budgetary support to state-owned corporations and the so-called GFI's or financial institutions.

This amount was higher than last year's allocation of P17.4 billion and P14.4 billion in 1984.

Of this year's allocation, P28.3 billion will be in the form of net lending to the government corporations, P1.2 billion as subsidy and P1.2 billion each for equity contribution and subsidy.

The bulk of P20.2 billion of the net lending will go to the GFIs--Philippine National Bank--P10.7 billion, Development Bank of the Philippines--P7.6 billion and Philippine Export and Foreign Loan Guarantee Corp.

The rest of the amount (P7.3 million) will be channeled to the following: Export Processing Zone Authority--P39 million, Light Railway Transit Authority--P235 million, Metropolitan Waterworks and Sewerage System--P253 million, National Development Co--P172 million, National Electrification Administration--P679 million, National Food Authority--P2.5 billion, National Irrigation Administration--P1.5 billion, National Power Corp--P1.6 billion, and Philippine National Railways--P151 million.

Romulo also denied that the government is succumbing to pressures from the International Monetary Fund (IMF) in exchange for the approval of foreign loan package to finance the country's economic recovery program.

"What the IMF says is not what we would do. We would insist on our sovereign rights, our obligations to our people," he said.

The budget minister cited, too, favorable factors that could help push the economic recovery program.

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CSO: 4200/1302

MINISTER ANALYZES NEED FOR FOREIGN ASSISTANCE

HK041225 Manila THE MANILA CHRONICLE in English 2 Aug 86 p 3

[By Staffmember Cristina Pastor]

[Text] Economic Planning Minister Solita Monsod yesterday said the government needs foreign money, but still doesn't know how to use it.

Speaking in a breakfast forum for foreign diplomats, Monsod said foreign communities have been "most anxious" to extend development assistance, but the Philippines is carefully analyzing its needs.

"It is very easy to accept your money," she said, "but we want to make sure that that money will benefit the Filipino people rather than end up in white elephants."

Monsod, who is also the Director-General of the National Economic Development Authority (NEDA), said many useless foreign-funded projects were created during the Marcos regime.

"We don't quite know what projects we want at this point," she said. "We don't want to create projects just for the sake of getting your money."

The previous administration, she said, lacked the necessary checks and balances in spending, and ended up making "quick and wrong" decisions.

Monsod also cited the economic gains made by the government.

"Inflation rates are negative. From 26 percent, interest rates are now 15 percent and we want to make them lower still. There has been an increase in tax revenues. We have abolished state monopolies in sugar and corn, and we will abolish some more. The government has approved a more rationale tax reform structure," she said.

The "common sense" approach to the country's \$27-billion external debt, she said, is through increased trade.

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CSO: 4200/1302

EXTENT OF NEEDED FOREIGN FINANCING DETAILED

HK051535 Quezon City BUSINESS DAY in English 5 Aug 86 p 3

[By Daniel C. Yu]

[Text] The government will get about P8 billion or \$400 million from available foreign financing sources to fund this year's expected budget deficit of P27.9 billion.

A monetary source involved in the recently concluded negotiations with the International Monetary Fund (IMF) told BUSINESS DAY yesterday that P8 billion was the "indicative figure" discussed with the Fund.

The level of foreign financing for the budget deficit this year is substantially higher than the previous government estimate of about P1.7 billion.

The source said there have been a lot of offers from abroad for financing primarily for certain projects. He said these funds will ultimately be reflected as inputs to the budget program of the national government.

He added that the P8-billion level is net of payments to be made by the government for debt service. On a gross basis, total foreign financing could go up to as much as P16 billion.

Financing the budget deficit, which at P27.9 billion is about 4.1 percent of the projected gross national product (GNP) or the total goods and services produced for the year, was one of the key issues taken up by the government with the fund last week in talks for a new standby credit agreement.

Finance Minister Jaime V. Ongpin said recently that while the IMF has agreed on a higher deficit ceiling for this year, the determination of funding sources to finance the deficit is up to the government.

Under the original framework on the budget deficit submitted by the government to the IMF, financing for the budget deficit will be as follows: P18.2 billion from the issuance of Treasury bills, P305 million from Treasury notes, P7.2 billion in Central Bank [CB] borrowings, P3.5 billion in Social Security Treasury notes and about P1.7 billion in foreign credit.

With the new P8-billion foreign financing figure, the remainder of the deficit of P19.9 billion will be raised from domestic sources through a combination of T-bill issuances and loans and advances from the CB.

Raising funds to finance the deficit is a major concern of the government because of its impact on certain aspects of the economy, particularly on interest rates and the peso-dollar exchange rate.

Experience in the recent past has shown that using T-bills extensively, either to finance government deficit spending or simply to mop up excess liquidity in the financial system, directly affects the level of interest rates.

It was the issuance of very high yielding T-bills and CB bills at the height of the economic crisis that raised interest rates to over 40 percent in 1984 and left private business without available credit for their operations.

Any extensive use of T-bills, classified under the governments' open market operations, could lead once more to a rise in interest rates and the crowding out of private sector borrowers from local financial markets, conditions which the government would not like to happen during these times of economic recession.

On the other hand, too much foreign financing for the budget deficit could artificially strengthen the peso to a level that would make Philippine exports uncompetitive.

At the moment, demand for foreign exchange has remained weak, prompting the CB to intervene in the foreign exchange market to prevent the appreciation of the peso vis-a-vis the dollar.

Sources however believe that so long as the foreign financing for the budget deficit does not create artificial conditions, the depreciation of the peso is likely as soon as industries step up their importations.

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CSO: 4200/1302

GOVERNMENT BEGINS MONETARY EXPANSION PROGRAM

HK041539 Quezon City BUSINESS DAY in English 4 Aug 86 p 2

[Text] The government has started its program of monetary expansion with the recent decision of the Monetary Board, the policy-making body of the Central Bank [CB] to further lower the reserve requirement on short-term deposit liabilities of commercial banks from 22 percent to 21 percent.

The reduction, which takes effect today, is expected to inject an estimated P950 million of additional loanable funds into the banking system. This will be the third reduction in the reserve requirement since September 1985 when the rate was at 24 percent.

A reduction in commercial banks' reserve requirement has the direct effect of further depressing interest rates, unless demand for loanable funds matches the impact of the lowering of the requirement.

The government wants interest rates to go down some more despite claims by some banks that their spreads are already very thin and could not be reduced further.

Prime rates for some commercial banks have gone down to as low as 13.5 percent while the savings rate hovers at 7 percent to 8 percent with most banks likely to opt for 7 percent in the coming months.

Monetary authorities have started working on gradually increasing the level of reserve money, consisting of money in circulation and banks' deposit balances with the CB, to a level that could trigger a resurgence in business activity. Latest data on reserve money showed that for the period July 7 to 11, the total has gone up to P39,011 million from the weekago level of P38,900 million and the yearago level of P30,679 million.

Under the letter of intent submitted by the government to the International Monetary Fund (IMF), a reserve money ceiling of P45 billion has been set for this year. This leaves monetary authorities a lot of room to allow liquidity to grow some more in the system.

Allowing a gradual growth of liquidity in the system is necessary in order to prevent unusual movements in prices that could lead to inflationary spirals while at the same time allowing the government to monitor the impact of expansionary measures as they affect [words indistinct] of the economy.

Complementing expansionary monetary policies is the stepped up fiscal disbursement [words indistinct], primarily through the just approved emergency employment program which will release some P3.9 billion in the rural sector.

Accelerated government spendings throughout the second half of the year would result in the generation of an additional 800,000 jobs and reduce the ranks of the unemployed now numbering about two million.

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CSO: 4200/1302

MANILA EXPECTS BALANCE OF PAYMENTS SURPLUS

HK041551 Quezon City BUSINESS DAY in English 4 Aug 86 p 2

[By Daniel C. Yu]

[Text] The country is expected to post a balance of payments (BOP) surplus of close to \$2 billion this year, after the rescheduling of its debts which will fall due. Within the rescheduling, a deficit of \$800 million has been projected.

Exports this year will remain flat and will not be significantly higher than the \$4.63 billion achieved last year. Imports will grow by 5 percent to 10 percent from the \$5.11 billion posted in 1985.

The current account, the net total of merchandise trade, non-merchandise trade and transfers, will post a slight surplus due to expected inflows for this year that will offset the poor performance of the balance of trade.

These are some of the components of the external economic framework which the government and the International Monetary Fund (IMF) have agreed upon during their two-week negotiations for a new standby credit agreement for the Philippines.

The Philippines has already submitted its letter of intent to the IMF embodying these external aggregates as well as domestic macroeconomic targets. Also included in the letter of intent are commitments for a number of policy reforms to be undertaken during the 18 months that the new standby credit agreement will be in effect.

A high ranking monetary official told BUSINESS DAY over the weekend that the estimates on the external framework, particularly the BOP level, formed the basis for a Philippine request for 300 million special drawing rights [SDR] (about \$360 million) under the new standby credit agreement.

In addition, the Philippines will also be drawing from the IMF's compensatory financing facility to make up for the expected shortfall in exports this year and fill the BOP deficit expected without the debt rescheduling.

Under the previous agreement with the IMF entered into the November 1984, the Philippines was given a total of 615 million SDRs or over half what the country is requesting for this year. The substantially lower level requested from the IMF under the proposed agreement reflects the view of some monetary officials that negotiations with the Fund for a new standby agreement is critical since it will trigger new talks with the country's 483 creditor-banks for the rescheduling of the Philippine's foreign debts falling due between this year and end-1991.

Central Bank [CB] sources told BUSINESS DAY that commercial banks put "great emphasis" on an agreement with the IMF and look upon such agreement as the "seal of good housekeeping" that will pave the way for the opening of talks on the country's commercial debts.

Projections on the external framework however are premised on a level of new money which commercial banks will have to bring in this year as a part of the agreement with the Philippines. Under the previous agreement with commercial banks, a total of \$925 million in new money was made available to the Philippines but only \$650 million was actually availed of.

Sources said the IMF has employed a new tack and will now require the commercial banks to participate in the program in order to assure the debt-or-country of sustained growth under the new round of rescheduling talks.

Talks with commercial banks, which will start by October at the earliest, will cover maturing Philippine debts for the period 1986 to 1991, estimated at \$6 billion to \$7 billion.

Such talks will come about after the IMF Executive Board favorably endorses the Philippine letter of intent and gives the go-signal for the release of the first tranche of the standby credit.

CB Governor Jose B. Fernandez Jr., in a talk with BUSINESS DAY last Friday, said approval of a new standby credit will take some time as it will take at least four weeks for the Fund's Executive Board to okay the letter of intent after the IMF management has gone over the Philippine program.

"Essentially the letter of intent covered the position of the Philippine Government on several matters discussed," Fernandez said. He added that the Cabinet position to defer the import liberalization plan by another 90 days has also been included in the letter.

The letter of intent contains the economic targets and policy reforms which the Philippine Government has committed to implement over the next 18 months in line with its request for a new standby credit agreement.

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CSO: 4200/1302

LABOR MINISTRY SETS NEW GUIDELINES

HK051527 Quezon City BUSINESS DAY in English 5 Aug 86 p 20

[Article by Gethsemane M. Selirio]

[Text] More than two months after President Corazon C. Aquino had made her pronouncements on labor, Malacanang and the Labor Ministry are rushing the implementing guidelines for the new labor policy of the Aquino government.

The guidelines will focus on strike, 13th month day and the other labor issues.

The ministry guidelines on labor relations are expected to be issued this week and will contain mainly the new rules on strike procedure. This includes the following:

--A 15-day notice is required for strike against unfair labor practices and 30 days for collective bargaining deadlocks.

When it involves the dismissal of union officers, or union busting, or when the existence of the union is threatened, no cooling off period is required.

--The taking of the strike vote is required to determine if the decision to strike is supported by at least a majority of the union members.

The strike vote shall be conducted through secret ballots in the presence of a representative of the Labor Ministry.

--To prevent the use of intraunion or interunion issues as grounds to strike, med arbiters of the ministry and the bureau of labor relations should be able to rule on such issues fairly and without delay.

--Petitions for certification election or union registration, in non-unionized establishment, shall be given due course if supported by at least 20 percent of the employees in the bargaining units.

Sources said the ministry is rushing those guidelines in response to criticism by labor unions which claimed that the government misled labor by issuing policies without guidelines.

Aside from the ministry labor relations guidelines, Malacanang will come out soon with guidelines to implement the other Labor Day announcements of President Aquino.

This will include the question of the 13th month pay ceiling for all rank-and-file employees.

In a staff last meeting, Labor Minister Augusto S. Sanchez has said it was necessary to study the implications and possibilities of the other Labor Day announcement of the president.

He singled out for further study the unionization of security guards, the length of the period before an employment be considered regular for purpose of more benefits and security of tenure as we [word indistinct] eligibility for union membership.

Sanchez also asked all deputy ministers to submit appropriate recommendations to him for the positions in the different tripartite board.

He asked that the filling up of positions in boards and commissions especially from labor and management sector should be expedited.

At present, some tripartite bodies are unable to function because of the lack of representatives from labor and management.

Among the tripartite body that needed representatives are the National Wages Council, the Employees Compensation Commission, the National Labor Relations Commission, and the advisory board of the Philippine Overseas Employment Administration.

Sanchez gave the go-signal for the Employees Compensation Commission to meet pending the appointment of possible replacement of some commission members.

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CSO: 4200/1302

PHILIPPINES

LEGAL ACTION AGAINST 10 COUPISTS HALTED

HK011401 Hong Kong AFP in English 1346 GMT 1 Aug 86

[Text] Manila, Aug 1 (AFP) Legal action against 10 military officers implicated in last month's attempted coup in the Philippines was halted Friday after they complied with a presidential condition for clemency, state television reported.

The station said the Justice Ministry had withdrawn a recommendation that rebellion charges be filed against the 10 officers implicated in the failed coup, which was led by supporters of former President Ferdinand Marcos.

The report came as two men were charged by police for the fatal mauling of a supporter of President Corazon Aquino last Sunday, when Marcos loyalists attempted to stage a rally in Manila's Rizal Park.

Raul Billoso, 22, and Jerry Neri, 27, were charged with the slaying of Stephen Salcedo, Police Sergeant Florentino Bagallon told AGENCE FRANCE-PRESSE.

An investigation showed that more than 50 people took turns in mauling Mr. Salcedo, Sgt. Bagallon said. He added that police expected to arrest at least half that number.

According to state television's report on the 10 military officers, Justice Minister Neptali Gonzales told a state prosecutor handling the case to drop the planned charges after receiving word from the armed forces chief that the officers had complied with a condition for clemency.

The minister and government spokesmen could not be reached for comment.

Mrs. Aquino had offered clemency if suspected coup participants swore allegiance to the so-called Freedom Constitution, a temporary charter she enforced after the February revolt that toppled Mr. Marcos.

Mr. Gonzales then required official certifications that the oath of allegiance had been taken as the basis for dropping charges.

The Justice Ministry had previously recommended rebellion charges against 26 civilians and 15 military men for leading the July 6 coup attempt at the posh Manila hotel, where Arturo Tolentino proclaimed himself acting president before 300 servicemen and 5,000 civilians.

The office of a state prosecutor in Manila said it had issued seven more subpoenas Friday to alleged coup leaders. They included three movie stars and two former government officials.

Manila's chief prosecutor, Luis Victor, had said earlier that subpoenas had been issued to Mr. Tolentino and nine others.

Eyewitnesses said the alleged coup leaders had met at a Manila club Friday, but they did not issue any statement about the charges filed against them.

Mr. Victor said they had 10 days after the receipt of the subpoenas to explain why they should not be charged with rebellion.

The Aquino government is using against the loyalists a Marcos presidential decree under which the maximum penalty for rebellion is death.

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CSO: 4200/1302

EX-DIPLOMAT ASKS COURT TO DROP REBELLION CHARGES

HK050523 Hong Kong AFP in English 0521 GMT 5 Aug 86

[Text] Man'la, Aug 5 (AFP)—A former diplomat has asked the Supreme Court of the Philippines to stop the government of President Corazon Aquino from filing rebellion charges against him and from requiring him to pledge allegiance to a temporary charter, court sources said Tuesday.

Former Acting Foreign Minister Manuel Collantes, named by police with 25 other civilians with involvement in an abortive coup against Mrs Aquino, filed the petition at the high court Monday with Justice Minister Neptali Gonzales as respondent, court sources said.

Police have filed rebellion charges against 26 civilians at a state prosecutor's office here for leading a coup attempt against Mrs Aquino on July 6.

A former party colleague of deposed President Ferdinand Marcos, Mr Collantes said Mrs Aquino's clemency offer requiring the coup leaders to take an oath of allegiance "is a cruel and unjust instrument of humiliation in violation of the freedom of conscience."

He denied in his petition that he was a "Marcos loyalist," but acknowledged that he had been at a pro-Marcos rally on July 6, adding that he thought "It was just another Sunday rally."

During that rally, Arturo Tolentino, Mr Marcos' running mate in the February elections, proclaimed himself acting president.

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CSO: 4200/1302

PCGG PROBES REPORTED MARCOS DEPOSITS IN ITALY

HK281355 Manila PHILIPPINE DAILY INQUIRER in English 25 Jul 86 pp 1, 6

[By Jerry Esplanada]

[Excerpt] Ms. Imelda Marcos has about \$450 million (about P9.1 billion) in bank in Italy.

This was disclosed to the INQUIRER by well-placed sources at Allied Bank Corp, one of the business entites owned by Marcos associate Lucio Tan.

The sources—one of whom is a former associate of Ignacio Gimenez, the husband of Ms. Marcos' social secretary, Fe Gimenez—said the deposits were made by 1983 when Ms. Marcos was still Metro Manila governor.

The documents point to the Italian accounts in the possession of Gimenez, sources said.

Gimenez was earlier reported to be one of the alleged frontmen of Marcos in dollar-salting operations in Asia and Europe.

The Presidential Commission on Good Government [PCGG] did not comment on the disclosure, but a report submitted earlier by former commissioner Pedro Yap cited Ms. Marcos' bank assets in two other European countries in addition to Switzerland.

Yap, now a Supreme Court justice did not give additional information on Ms. Marcos' other bank assets.

Meanwhile, two American lawyers are now in Manila gathering data on the ill-gotten wealth of the Marcoses and their associates.

Commissioner Raul Daza introduced lawyers Ron Olson and Richard Kendall, to newsmen yesterday. He said they will assist the PCGG in the court case against Marcos, Ms. Marcos, Antonio Florendo, and a Netherland Antilles firm filed in Los Angeles last month.

The case was coursed through a group known as Racketeers, Influence and Corruption Organization (RICO), a Los Angeles council firm.

They will try to recover \$797,000 deposited at Lloyd's bank in the name of Ms. Marcos.

EDITORIAL URGES PCGG MAKE PUBLIC ACCOUNTING

HK290505 Manila THE NEW PHILIPPINES SUNDAY EXPRESS in English 27 Jul 86 p 4

[Editorial: "For a PCGG Accounting"]

[Text] The Presidential Commission on Good Government [PCGG] is apparently on an image-repairing blitz, in one big attempt to show that it is not the Pacman some sectors portray it to be.

Chairman Jovito Salonga has, for instance, announced to all that the Commission has a Christmas Bonanza awaiting those who are in need of housing, since lands surrendered to the PCGG are quite sizeable and easily convertible into housing lots. How this will be funded he does not tell us.

And we are having those testimonials on the PCGG, how it is really a good guy endowed with a mission so compelling not even the prescribed rules of justice and fair play should come into the picture.

If the drumbeaters are to be believed, almost every business sector has really given the PCGG the good housekeeping seal, again contrary to the complaints aired every day.

But even as the blitz is on, here comes a group of workers from two sequestered firms, saying that the PCGG-named officer-in-charge [OIC] has billed the companies close to P90,000 for expenses for only one month, including an overseas call made by the OIC while she was abroad. Charges of grave abuse of trust, entering into manifestly disadvantageous or illegal contracts, engaging in nepotism, and conflict of interests, were also readied against the OIC.

Earlier, the head of a PCGG task force was also sacked for demanding a total of P339,000 as monthly expenses, although such a demand was earlier made in writing by one of the PCGG commissioners.

The PCGG's media campaign should thus be expanded to explain to the public how many of the hundreds of sequestered firms have been asked to shell out expense money. The PCGG should also make an accounting of the task forces' performance, how much in expenses have been acquired from the sequestered firms, and how much of the PCGG budget has been disbursed and how.

The PCGG owes it to the public; a body that wields powers that are nothing short of plenipotentary should also show to the public that it is above suspicion. If some have erred in the name of its all-important mission, it should also show that the errors were rectified, and where guilt has been established, the perpetrators punished.

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CSO: 4200/1302

PAPER SAYS PCGG EFFORTS IMPROVE IMAGE

HK041330 Quezon City NEW DAY in English 4 Aug 86 p 16

[By Ramon R. Isberto]

[Text] Barraged by attacks in the press and threatened with a proposal at the Constitutional Commission that would clip its sequestration powers, the Presidential Commission on Good Government [PCGG] has gone on a counter-offensive. So while the five-man probe body continues to get a lot of flak, the PCGG seems to be scoring points.

This week, the commission won a major victory at the Con-Com. Last Thursday, the Con-Com's committee on amendments and transitory provisions approved by a 6-1 vote a new draft provision that would allow the PCGG to issue sequestration and freeze orders up to six months after the convening of the first regular session of the proposed new Congress.

Moreover, the PCGG may continue exercising such powers if congress as certified by the President passes a law authorizing the commission to do so.

Commissioner Raul A. Daza said the commission was gratified over the "overwhelming support" of the Con-Com committee headed by Commissioner Jose Suarez. Though the new draft provision sets a deadline (roughly up to 1987) for the PCGG to exercise its sequestration and freeze powers, the commission evidently considers the compromise proposal more acceptable than previous proposed resolutions that would strip the PCGG of such powers upon the ratification of the new Constitution.

Daza made this position clear by expressing the hope that the draft provision would be upheld by the entire 48-person Con-Com.

Just two weeks ago, it seemed that the Con-Com was deadset on clipping the PCGG's sequestration powers. This was when commissioners Jaocuin Barnes, S.J., and Felicitas Aquino—known supporters of President Aquino—filed a resolution that echoed a previous proposal filed by opposition Commissioner Blas F. Ople in seeking an end to PCGG's sequestration of private firms linked with ex-President Marcos. The rationale of the Bernas-Aquino resolution was close to that of the Ople group's proposal: that the broad powers of sequestration were being abused and destabilizing business.

This prompted PCGG chairman Javito R. Salonga to appear before the Suarez Committee for a second time to argue the commission's case. Salonga presented basically the same position as before--that the commission needed broad powers to unravel the complex corporate camouflage that Marcos and his associates have used to spirit away and then conceal ill-gotten assets here and abroad.

Salonga then upped the ante by indicating his readiness to resign if the Con-Com clips the PCGG's powers. He also disclosed additional information on how the Marcoses had allegedly stashed away huge sums at Swiss banks using first aliases (Marcos using the pseudonym "William Saunders" and Imelda using the alias "Jane Ryan") and then later 14 foundations organized in various European countries to cover their tracks.

PCGG commissioners have taken to the hustings over the past few weeks to argue their case before the public on basically the same themes. They have spoken before a string of civic clubs and professional associations.

The PCGG chairman has been the point-man for this countercampaign. Salonga spoke before the Makati Business Club two Fridays ago and surprisingly won the strong support of the influential business group. The MBC member-firms offered to make available a pool of professionals that the PCGG can tap for various technical and managerial expertise. Last Thursday, he spoke before the Financial Executives Institute of the Philippines [FINEX] and again received an offer of technical assistance.

Salonga's FINEX speech illustrates the basic themes that the commission is hammering on.

--He went to great lengths to stress that--based on the "mountains" of documents in the hands of the PCGG--that Mr and Mrs Marcos started accumulating and salting away in Swiss bank accounts ill-gotten wealth as early as 1967. That is, even before the declaration of martial law and when the Philippines was still supposedly democratic and there were still checks and balance.

--Salonga emphasized that Marcos and his cronies have gone to extreme lengths to conceal their accumulation of wealth which he described as the "unprecedented plunder of an entire nation."

--He added that the Philippines cannot expect the continued cooperation of foreign governments who have unilaterally frozen suspected Marcos assets if the Aquino Government itself falters in its resolve to sequester ill-gotten assets.

Salonga bristled at the accusations of sequestered firms and Marcos associates who charge the commission of violating due process by sequestering firms without previous notice or hearing. He argued that even democratic governments have the power to unilaterally freeze assets. He added that had the commission provided previous notice or hearing, its targets would have spirited away the wealth.

"If the PCCG's powers are clipped--in the desire to preserve the business stability of the cronies and associates of Mr Marcos--we may be committing a crime against our own people who in the final analysis own this ill-gotten wealth," he said. "It is the bulk of our people ... whose rights are at stake, not just the property rights of the Tantocos and the Cojuangcos and the other cronies..."

The commission is hardly out of the woods however. Its sequestration powers are being contested in several suits before the Supreme Court. The powerful Philippine Coconut Producers Federation--which has also be sequestered--is expected to file its own suit shortly.

In any event, if events in the past few weeks are any gauge, the PCCG is likely to pursue its case before the public using what is perhaps the most plentiful ammunition in its hands: the "mountains" of the documents seized at Malacanang Palace, at Hawaii and elsewhere. More revelations in greater detail are certain to be made as the Office of Solicitor General files additional evidence supporting its criminal complaint against the former president and 28 others.

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UNIDO DESIGNATES NEW PROVINCIAL HEAD

HK041535 Quezon City BUSINESS DAY in English 4 Aug 86 p 12

[Text] Dagupan City—Vice-President Salvador H. Laurel, has designated Dr. Andres T. Rosario of Urdaneta Town as acting party provincial chairman for Pangasinan.

The designation, dated July 29, was a clear vindication on Rosario who was earlier ousted as member and officer of the party by the Unido [United Nationalist Democratic Organization] provincial directorate.

Based on his designation, Rosario replaced governor-designate Demetrio G. Demetria as head of the provincial chapter. Demetria, it was learned, was among those responsible for Rosario's earlier expulsion from the party.

Rosario's designation—xerox copy of which was received by the Philippines News Agency bureau here—further put the reconciliation of political leaders under a cloud of doubt as Demetria, being a governor-designate, still counts a big following in the local Unido chapter.

In his memorandum designating Rosario as acting Unido chairman of Pangasinan, Laurel stated that he (Rosario) is authorized to immediately revitalize the Unido-Pangasinan.

Laurel further directed Rosario, a former vice mayor of Urdaneta Town, to submit periodic reports to the Unido central office in Manila.

Governor-designate Demetria, whom Rosario replaced, could not be contacted for comment on such a designation.

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CSO: 4200/1302

LABOR MOVEMENT DISSATISFIED WITH GOVERNMENT

HK041537 Quezon City BUSINESS DAY in English 4 Aug 86 p 14

[Text] The militant labor sector expressed yesterday its initial disenchantment with the government of President Corazon C. Aquino in a rally which focused on unkept labor policy pronouncements and continuing trade movement repression.

Joining the various cause-oriented groups gathered at the Quirino Grandstand at the Rizal Park despite the intermittent rains, the Kulusong Mayo Uno aired the problems of the average Filipino worker.

Labor sector charged that the new government "misleads" the workers by not coming out with implementing guidelines for the new labor policies announced by President Aquino last May 1.

One result of this lack of guidelines is the recent spate of violence at the picket lines between workers and the military, labor leaders claimed.

Roland Olalia, KMU chairman, told BUSINESS DAY that the picketline violence provoked by the military shows that there are still "remnants of repression" by government of the trade union movement.

The sentiment of the worker, he claimed, is that there is still "militarization" of trade unions despite the change in government.

Olalia also noted that Labor Ministry officials have said that the existing labor laws are still in effect pending amendments or repeal by the duly designated legislative body.

"Then there is no basis to the statement that the new government is 'pro-labor,'" Olalia said.

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CSO: 4200/1302

EMISSARY WANTS AQUINO TO MEET REBEL PRIEST

BK031155 Hong Kong AFP in English 1141 GMT 3 Aug 86

[Text] Tinglayan, Aug 3 (AFP)—A government emissary has proposed direct talks between President Corazon Aquino and a Roman Catholic priest turned guerrilla leader to restore peace in a northern Philippine region.

Agapito Aquino, brother-in-law and special emissary of Mrs Aquino, said he met with Father Conrado Balweg in a mountain village near this northern town Friday and proposed an August 15 meeting between Mr Balweg and Mrs Aquino in nearby Baguio City.

Mr Balweg, who joined the Communist New People's Army (NPA) in 1979, broke ranks with the Communist underground in April and now leads a 300-strong guerrilla force fighting for autonomy of Igorot tribesmen here in the Cordillera mountains.

However, the rebel leader said his Cordillera People's Liberation Army (CPLA) would only talk with President Aquino if combat troops deployed in the region withdrew from tribal areas, Mr Aquino told reporters here.

Mr Aquino had said that the military had already shown goodwill to the rebels by pulling out of Tinglayan and by Defense Minister Juan Ponce Enrile's advocacy of the CPLA guerrillas' autonomy demands.

Father Balweg said the offer was still to be considered by the CPLA leadership and by Igorot tribal elders, Mr Aquino said.

Mrs Aquino has also appointed emissaries to hold ceasefire talks with communist leaders in a bid to seek a political solution to the 17-year-old NPA insurgency.

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CSO: 4200/1302

PHILIPPINES

TWO HOME MADE BOMBS EXPLODE IN ESCALANTE

BK051631 Hong Kong AFP in English 1624 GMT 5 Aug 86

[Text] Bacolod, Aug 5 (AFP)--A bomb exploded outside the residence of the mayor of a central Philippine town, while a second crude bomb packed into a soft drink bottle outside the house failed to explode, the mayor said here Tuesday.

No casualties were reported.

The mayor of Escalante, Evelyn Hinolan, said the attack was aimed at her.

Police had not determined the motive and identity of the attackers, but Mrs. Hinolan told reporters she believed it was connected with her crusade to seek justice for 20 anti-government demonstrators shot dead allegedly by police and government militiamen last year.

The demonstrators had been protesting against the government of Ferdinand Marcos, who was deposed following a popular uprising in February.

Some 50 people, including a Marcos ally, have been charged in connection with the shooting.

Mrs. Hinolan said this was the fourth bombing incident in Escalante this year. Two bombs exploded in the town during the presidential election in February while another disrupted a leftwing rally there last month.

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CSO: 4200/1302

CEASEFIRE EXPECTED TO TOP PEACE TALKS AGENDA

HK060859 Hong Kong AFP in English 0841 GMT 6 Aug 86

[Text] Manila, Aug 6 (AFP)--Philippine Government negotiators expect communist rebels to present Wednesday or Thursday their agenda for peace talks now underway, and expect a ceasefire to be at the top, negotiator Ramon Mitra said here Wednesday.

Mr. Mitra told reporters that following talks here Tuesday between government and National Democratic Front (NDF) emissaries, the government side expected the NDF to provide their proposed agenda "today or tomorrow at the latest," and that negotiations would resume "in a couple of weeks."

Asked what stand the government intended to take, Mr Mitra replied: "We will take the agenda they will suggest. We will talk about it from there."

President Corazon Aquino told reporters as she emerged from a weekly cabinet meeting at the presidential palace that she and the defense chiefs would meet with Mr Mitra upon receipt of the communists' agenda.

Mr Mitra said he expected "the normal questions, the causes of dissent of alienation" [as received] to be raised during the talks.

"I think the first question would be whether we should stop killing each other, the question of ceasefire."

Mr Mitra, who is agriculture minister, and chief government auditor Teofisto Guingona met for three hours Tuesday with NDF representatives Satur Ocampo and Antonio Zumel somewhere in Manila.

Mrs Aquino initiated the talks in a bid to seek a political solution to the 17-year-old rebellion, waged by New People's Army (NPA) guerrillas, now numbering 16,500. The NPA is the military wing of the banned Communist Party of the Philippines (CPP), a dominant member of the NDF.

The rebellion claimed a daily average of 15 lives last year.

Commented Mrs Aquino: "I'm glad they finally started the talks."

Said Defense Minister Juan Ponce Enrile, who has expressed reservations within the 250,000-strong Armed Forces about the peace initiative: "Whatever the president will agree to we will follow. She is the commander-in-chief."

He said that for the duration of the talks "we should give them a feeling of confidence that they can meet our negotiators" anywhere.

But he warned: "Once the negotiation is broken off, and we go into the status before this arrangement, then we will take another position."

He did not elaborate.

Cabinet members said the talks had not been discussed in Wednesday's cabinet meeting, but that one of the issues tackled had been the reactivation of the National Security Council to advise the president on matters of state security.

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CORDILLERA REGIONAL FIGURES ON THREAT OF DISLOCATION

HK041255 Quezon City NEW DAY in English 4 Aug 86 NEW DAY Magazine pp 4, 18

[Interview with noted figures in the Cordillera Range by the CORDILLERA NEWS AGENCY: "The Cordillera People's Struggle"—passages within slantlines published in italics]

[Text] /The Cordillera Range in Northern Luzon is home to almost one million dwellers called Igorots.

/For centuries, invaders have attempted to penetrate the heart of these [as published] mountain range. The Spanish, the Americans, the Japanese, and even other Filipinos, have gone for the gold and the wood, the wealth of the Cordillera. Even the government has threatened the Igorots' existence through "development" projects. Their dislocation from the Ambuklao and Binga Dams and the Benquet mines, the Celophil project in Abra, and the Chico Dam project in Mountain Province and Kalinga-Apayao have made the Igorots wary of the entrance of anything foreign into their territory.

/The history of struggle of the Cordillerans has given rise to many leaders. In the past decade, the Cordillera became a battle zone because of "invasions." Subsequent militarization gave rise to the armed resistance of the Igorots. During the Marcos regime, there were two options for those politicized—that of remaining in the mainstream or taking on an underground existence. Friends separated from each other and went their own ways. Such was a group of young men who as students and priests, shared some years together in rooms and halls of seminaries and religious houses.

/Fathers Bruno Ortega and Conrado Balweg were priests in the Divine Word Seminary in Bangued, Abra. Mailed Molina was a seminarian in the same seminary and was a karate instructor there. All three were forced to join the underground resistance movement when government forces pursued them because of their leadership in organizing resistance to the landgrabbing of Celophil Corporation, a Marcos crony business. All three are former NPA cadres. Now they are commanders of the Cordillera People's Liberation Army (CPLA), formed last April 7 by a sizable number of Igorot warriors.

/On the legal front, Fr. Pat Guyguyon, an Ifugao, has become a figure in the open mass movement. He is looked up to for his clarity and independence of mind. Fr. Guyguyon is vice-chairman of the Cordillera People's Alliance (CPA), an organization which boasts a membership of 12,000 Igorots. As director of the Social Action Center of the Mountain Provinces (a Roman Catholic Church concern), Fr. Pat oversees development programs in the areas of adult education, health, women and labor. He had been a teacher of Fathers Balweg and Ortega.

/In the present search for Cordillera identity, these men have emerged as articulate leaders of the Igorot people. They shared their ideas with the Cordillera News Agency [CNA] during several meetings./

CNA: /What does the CPLA want?/

Fr. Bruno Ortega: We propose the Federal Republic of the Philippines, composed of three autonomous states with equal representation in the Federal Republic.

Fr. Conrado Balweg: One, to recognize the Cordillera peoples' historical birthright to their ancestral territories. Two, to constitutionally guarantee the indigenous peoples' right to self-determination. Three, to establish three autonomous regions in the Philippines--the Cordillera, Mindanao and the rest of the Philippines. Four, to establish the CPLA as the armed force of the Cordillera region. Five, to establish the budong (peacepact) system as the basis of the region's judicial system.

CNA: /What doest the CPA want?/

Fr. Pat Guyguyon: The CPLA's and the CPA's ideas are parallel as regards one, security of the ancestral land; two, recognition of tribal laws, customs and culture; three, rights to the natural resources; and four, the necessity for an autonomous government. However, we differ in three elements. One, the three states (Cordillera, Mindanao and the lowland area) as autonomous regions--it is not for us to decide for Mindanao's autonomy. The CPLA should speak only for the Cordillera, not for other regions. In Mindanao there are Moro, Christian and tribal groups. It is up to them to define what they want as a region. Two, the CPLA as the regional army. And three, the budong system as the only basis of the judicial system.

CNA: /What are the features of the autonomous government envisioned for the region?/

Balweg: First, it must be settled who holds the power of the state. Then we can define the legislative and judiciary branches of the autonomous government.

Guyguyon: There should be education so that leaders can be chosen whose interests are for the people's welfare, rather than by party platforms that reflect the national government as in the past. They should be elected by their ethnic group, provincial territories or region. Details of the structure of the regional autonomous government are being worked out by the CPA Charter Committee, defining democratic participation of tribal people in the Cordillera region and defining relations with the national government. The administrative, legislative and judicial branches are presently under discussion. On the regional level, the highest body will be a Congress that should have a wide representation by ethnolinguistic groups and sectors.

On the provincial level, the existing provincial, municipal and barangay divisions may remain the way they are now or be subject to change based on local consultations. On the village level it may vary from place to place, depending on the indigenous system of barrio leadership. Customary law, not national law, is the basis for most of our laws. On the regional level, we will not devise a judicial system until the custom laws are codified. On the barrio level, civil and criminal cases are settled by custom laws.

We want the principle of autonomy to be written into the Constitution. We may not get autonomy right now, but if we get the general principle, we can work for autonomy in the future.

CNA: /What are the boundaries of the autonomous region?/

Guyguyon: The government previously set boundaries to follow watershed areas so that they were defined by the physical not the mother tongue. But some of the people outside the boundaries of the provinces trace their origin to ethnolinguistic groups and should have a plebiscite to decide where to belong. For example the Bagos live along Ilocos Sur and Mt. Province and are Igorot (not Ilocano). The La Union peoples should belong to Benguet.

The plebiscite should be for all people within the Cordillera. Defense Minister Enrile wants to exclude Pudtol, Luna, Flora, Sante Marcella, Tabuk (Kalinga), Lamut, Potia (Ifugao) from the autonomous region. All these towns fall within Region [word indistinct] where Enrile is a political figure and he has his own interests in natural resources, land, logging and mines.

CNA: /What will happen to existing corporations in the Cordillera autonomous region?/

Guyguyon: The autonomous government would have to deal with the existing corporations considering royalties, rental of land, the percentage of profits in terms of taxation. We must reverse the percentage of the shares of profit. The region should get more than the national government. Right now Benguet Corporation and Philex Mining pay less taxes to Benguet where they are located than to the national government. The National Power Corporation stopped paying royalties to Bokod and Itogon, municipalities in Benguet in 1977. The taxes and royalties of corporations operating in our areas would be a source of revenue for the autonomous government.

The professionals who feel insecure in their government service and their sources of revenue should consider the budgetary allocations for Regions I and II. The allocations could be put together for the new autonomous government. There is a variety of national aid and development projects by the new Ministry of National Minorities and aid from foreign countries for indigenous people. In the past we got the dregs while our natural resources were being exhausted at our expense.

CNA: /How does the budong (peace-pact) system work?/

Balweg: The people have to make the collective decision when it comes to the making of laws. Here in the Cordillera, when you want to make ordinances or laws, the community assembles and each individual is given the freedom to speak and the council of elders systematizes the different views and comes up with a decision. This can be seen in the "hidit" in Ifugao, the "ator" and the "dap-ay" in the Mountain Province. A peace-pact with another tribe is called a bilateral Budong system on the bilateral level. We would have budongs in the five provinces. The budong system unified the tribes in the early 1970s. When the Marcos government planned to build four dams that would displace 100,000 Bontocs and Kaingags, the tribes resisted. They would lose

their rice terraces, their forests, their burial grounds. [To] these people, their land is their life. Losing their lands meant losing their lives. Under a multilateral budong, the tribes united. This was a clear victory of the unified tribal people and consistent with a people who have never been colonized. We want to revolutionize the communal tribal customs that the people already have within the budong system.

Guyguyon: The budong system is only applicable on a local level, in the budong areas, which are parts of Mt Province, Kalinga and Abra. The budong is not a political structure but an agreement among tribes. The budong should only be in those areas where it is custom and that want it. But perhaps it can also become an evolved Budong system, not just bilateral. For example, the peace pact is between two tribal communities, so it can get bogged down in negotiations. If it evolves into a treaty among all the communities the problems could be worked out through the added assistance of the other members. The indigenous people all have judicial systems consisting of a group of elders with expertise in tribal law.

CNA: /What is the relationship of the CPLA to the national army and to the NPA?/

Ortega: The Cory government would have to recognize the CPLA as the army of the Cordillera people. The AFP [Armed Forces of the Philippines] is the national army, to be called upon in case of foreign invasion. The CPLA could assist the AFP in that situation. The CPP/NPA should try to understand the history of the Cordillera people. They should consult the people on how they can use these mountains from a military point of view, for the struggle in the lowlands. The problems of the feudal society should not be solved in the Cordillera. The question should be how do we help each other, so it is more on the alliance work.

Balweg: The issue is nationalism, and if the NPA is truly a national army we have no problems, because we should really be one and recognize the demands for the autonomy of the Cordillera people. The differences between the CPP/NPA and CPLA are based on the rigidity of their view of armed struggle as the only alternative to [word indistinct] the Philippines and their views on feudalism as one of the existing problems in the Cordillera.

Guyguyon: The regional [word indistinct] for the people to decide, not to be imposed by Fr. Balweg. The CPLA is confined to a small triangle (areas of Abra, Kalinga and Mountain Province), and is less than 10 percent of the Cordillera. Balweg, with his years of work among the people is in touch with the basic problems, but how acceptable is he to the rest of the Cordillera? The CPLA can campaign for its acceptance as a regional army.

If the government does not agree to withdraw its military forces, we can bargain in the future for a contingent of armed forces comprised of soldiers from the Cordillera who would be considered territorial forces, under the control of the regional government. I think Enrile favors the CPLA over the NPA because the CPLA can potentially push out the NPA. The NPA has an ideology while the CPLA is concerned with Cordillera issues.

CNA: /In what way would the CPLA or a regional army protect the people?/

Balweg: Here in the Cordillera, the landgrabber and the invader are automatically our enemy. These include people who came in to mine or log, and local bureaucrats who engage in graft and corruption. It should be considered that these lands are communally owned by the Cordillera people.

The army can also work as the intermediary when the peace pact is broken. It can bring out the data of the root cause of the real problem and try to convince the tribes to sit down and analyze the problem.

Mailed Molina: Within the tribes, whoever violates the laws of the budong (peacepact) becomes our enemy.

Guyguyon: The regional army should be protective of the Cordillera people's interests, rather than foreign or the national government's interests. It should be a citizens' army recruited from the people of the Cordillera--no lowlanders.

CNA: /What would the CPLA like to communicate to the rest of the Filipinos, the Aquino government and the world?/

Ortega: We seek support in our campaign to have the Aquino administration recognize an autonomous state for the Cordillera people.

Molina: An autonomous state does not mean that we are not one with the rest of the country. We should join heads so we can establish a just society where there will be no minority-majority nor oppressors and oppressed. We should work to achieve this dream. Here in the Cordillera, the people are really peace-loving. If the government recognizes the kind of government wanted by the Cordillera people, we can achieve peace.

Balweg: We reach out to the Cory government and the world to establish a society where there is no more war, and no more oppression, we reach out for peace.

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CSO: 4200/1302

RESIDENTS PROTEST MILITARY 'ZONING OPERATIONS'

HK050605 Manila PHILIPPINE DAILY INQUIRER in English 3 Aug 86 p 7

[By Aurelio A. Pena]

[Text] Davao City--Military authorities came under fire the other day from villagers protesting the recent "zoning operations" of Communist infested Buhangin District, seven kilometers north of this city.

"Zoning" is the term used by the military when cordoning off a certain area or a whole village with soldiers as they conduct a house-to-house search for either NPA rebels or common criminals. This type of operation has been banned by the government since last year.

The alleged "zoning operation" came close to the heels of the latest surrender of 14 alleged members of the communist New People's Army operating at Sitio Dacudao, Buhangin District last week.

Davao Metrodiscom Commander Maj Franco Calida, however, denied the accusation published recently in the local Mindanao MIRROR which described the "zoning operation" at Buhangin. MIRROR reporter Babette Prudencio quoted witnesses as saying "It was a zoning operation" by more than 30 armalite-wielding men in plainclothes ... one was wearing a hanky to conceal his face while firing indiscriminately..."

Calida, on the other hand, claimed that a caller reported about the presence of 20 armed men at a basketball court in Sitio San Isidro. When troopers in plain clothes were sent to verify the report, the suspects fired at the approaching lawmen who also fired back. "Our men fired only in self-defense" Calida told newsmen.

"But no civilians were hit."

Human rights advocates debunk the military's claim that they were "only flushing out criminals" at Buhangin. "I've been staying here for 10 years, I've never heard of holdupmen or snatchers in our place," a woman activist said. "It's just an excuse for the military to run after subversives."

The Davao metrodiscom commander, however, showed newsmen four handguns which were recovered from an abandoned shoulder bag at the San Isidro basketball court. The bag was left behind by the 20 armed men who scampered when the lawmen arrived.

"Don't they know Buhangin is one big hideout for holdupmen and NPA rebels?" Calida asked.

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CSO: 4200/1302

MANILA ANNOUNCES ARMED FORCES PROMOTIONS

HK041523 Hong Kong AFP in English 1433 GMT 4 Aug 86

[Text] Manila, Aug 4 (AFP)—President Corazon Aquino Monday promoted 19 colonels to the rank of brigadier general as part of reforms in the Armed Forces [word indistinct] presidential palace said.

The promotions were recommended by Armed Forces Chief of Staff General Fidel Ramos.

Sixteen colonels were promoted to brigadier general while three navy captains were made commodores, the palace said.

In the Philippine military, a navy captain is equivalent to a colonel while a commodore is equal in rank to a brigadier general.

The promotions bring to 69 the total number of flag officers in the Armed Forces of the Philippines (AFP), the palace said, adding that there are 112 positions for flag officers in the AFP.

Presidential Executive Secretary Joker Arroyo said those appointed "were the officers who were bypassed during (ex-chief of staff) General Fabian Ver's time. Their promotions were frozen although they deserved to be promoted."

Resentment in the military was widespread during the regime of ousted President Ferdinand Marcos due to favoritism in promotions.

General Ver fled with Mr Marcos to Hawaii after he was ousted in a military-led revolt in February.

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CSO: 4200/1302

HOME DEFENSE FORCE REPORTEDLY THREATENS MUNICIPALITY

HK041549 Manila MANILA BULLETIN in English 4 Aug 86 p 14

[By Hilario Embrado]

[Text] Cebu City—Uneasy peace reigns in the mountain municipality of Balamban, some 64 kilometers northwest of this city, as 90 several armed men, mostly members of the Civilian Home Defense Force (CHDF) continue terrorizing the town's residents.

This was gathered from 200 farmers and members of their families who walked all the way from Balamban for four days and arrived here yesterday to escape the terrorism of the militiamen.

The farmers left Sitio Malingin, Barangay Gass in Balamban under cover of darkness at about 5 a.m. last July 31, according to their spokesman, Tirso Jabasa, 22.

Jabasa said it was in Sitio Malingin where the CHDF men massacred 11 members of a family last year.

The farmers have taken shelter at the St. Alfonso's Seminary of the Redemptorist community here.

Jabasa said 27 armed men were terrorizing them for days, killing one Beato Padayao, 48, while eating lunch inside his house and wounding one of his daughters, Magdalena, 5, in the thigh and hand.

Jabasa and a certain Numeriano Bacalso both of Sitio Malingin, identified some of the terrorists only as Mario, Deo, Jesus, Eber, Pedro, Buboy and Felipe, all members of the CHDF.

Jabasa claimed they met the terrorists last July 31 near a river where without provocation, they allegedly shot him and Bacalso.

However, Jabasa and Bacalso escaped unhurt and sought refuge at the house of one Marcelo Jabasa. Jabasa called their neighbors to a meeting after the incident and decided to evacuate with their children. Jabasa said that the terrorists killed Beato because they suspected him to be a rebel. His wife, Ener, was out marketing when the incident occurred.

Jabasa said they are asking Gov. Osmundo Rama help bring peace in their barangay by running after the CHDF terrorists.

RADIO VERITAS TO REPLACE DESTROYED TRANSMITTERS

HK050555 Manila PHILIPPINE DAILY INQUIRER in English 3 Aug 86 p 9

[Text] The voice of Radio Veritas [RV], enfeebled by the destruction of its main transmitter and of its Malolos transmission equipment by Marcos partisans during the February revolution will be heard full strength again beginning [in] September.

Bishop Teodoro J. Buhain, executive vice president and general manager of the Catholic Church's radio station, announced that Radio Veritas has purchased two 50-kilowatt transmitters to replace the transmitter destroyed by a loyalist wrecking crew during the February revolution.

These area Harris transmitter costing P6 million, which is due by the end of August and expected to be operational by September, and a Telefunken transmitter, also with a power of 50 kw, bought for P564,440, which will be used as standby.

Bishop Buhain made the announcement as he thanked and acknowledged, in behalf of Radio Veritas and its staff, donations from the public amounting to P18 million as of July 24 for the rehabilitation of the destroyed RV transmitters.

Since RV's 50-kw transmitter and the Malolos master control equipment, as well as the microwave link, were destroyed by a destruct team composed of officers of the Marcos regime, RV has been broadcasting on a 10-kw transmitter donated by the Knights of Columbus.

Bishop Buhain announced that arrangements are being made to replace the microwave link and the Malolos master control equipment and which will cost P15 million and P1.6 million, respectively.

The Radio Veritas manager also disclosed that construction of the Palauig installation which will have two powerful 250-kw transmitters for shortwave broadcasts is underway.

The first 250-kw shortwave transmitter was donated by Josef Cardinal Hoeffner of the Archdiocese of Cologne, Germany in 1983 but was allowed by the Marcos government to enter the country only a week before the February elections and never installed.

Last July 22, Bishop Buhain disclosed, West German Ambassador Dr. Klaus Zeller called on Jaime Cardinal Sin to inform him of a donation by the German Government of 6 million deutschemarks, equivalent to P55 million, for the rehabilitation of Radio Veritas' transmitters.

This P55 million will come in the form of a second 250-kw transmitter, four curtain antennas, and an antenna matrix. This equipment, scheduled to be received here by the end of 1987, will be used for shortwave operations, Bishop Buhain said.

Meanwhile, according to Bishop Buhain, all three transmitters for Radio Veritas' overseas broadcasts have been temporarily repaired and are now in operation through the help of the Voice of America and the Mountain Province Broadcasting Corporation which loaned the parts.

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CSO: 4200/1302

COLUMN REPORTS ON 3.94 PERCENT DROP IN TRADITIONAL EXPORTS

HK041023 Quezon City BUSINESS DAY in English 1 Aug 86 p 2

["Economic Indicator" column: "Traditional Exports Decline"]

[Text] Exports of traditional goods from January to April this year dropped 3.94 percent from the yearago level, data from the Central Bank showed. For the first four months of this year, total exports of these products registered a freight-on-board (FOB) value amounting to \$415 million, \$17 million lower than the previous year's \$432 million.

Traditional exports include coconut products, sugar and products [as printed], forest products, mineral products, fruits and vegetables, abaca fibers, tobacco unmanufactured and petroleum products.

Coconut products, which constituted 40 percent of the total traditional exports during the period January to April this year, rose 37.19 percent from last year's \$121 million to \$166 million. The improvement was due to the growing demand for coconut products in the foreign markets. Coconut oil exports registered a 213.56 percent hike in quantity sold from 118,000 metric tons during the first four months last year to 370,000 metric tons in the same period this year. Earnings from coconut oil also rose 44.44 percent from \$90 million to \$130 million despite a 54-percent decline in the unit price from \$763 to \$341 per metric ton.

Although the price of copra meal/cake in the international market went down by 8.42 percent from \$95 to \$87 per metric ton, total export earnings amounted to \$20 million, up by 233.33 percent from last year's \$6 million. The increase in earnings was attributed to the hefty 274.60 percent hike in the quantity exported from 63,000 metric tons to 236,000 metric tons.

On the other hand, the exports volume of desicated coconut went down 16.67 percent from 18,000 metric tons to 21,000 metric tons. Earnings from this product decreased 36 percent (from \$25 million in 1985 to \$16 million) as its unit price slid by 45.93 percent from \$1,389 last year to \$751 per metric ton.

Meanwhile, exports of sugar and products during the period in review declined 57.14 percent from last year's \$91 million to \$39 million. Exports of centrifugal (refined) sugar fell 60.71 percent to only \$33 million during the period from \$84 million last year. This was brought about by the 67.17 [percent] drop in the volume of sugar exported (from 265,000 metric tons to 87,000 metric tons) which negated the 17.98 percent increase in its unit price from \$317 to \$376 per metric ton. Likewise, sugar byproducts--molasses--reported a decline of 14.29 percent in foreign earnings from \$7 million to \$6 million. Volume fell to 119,000 metric tons, while the unit price went up to \$52 from \$32 per metric ton.

Exports of Traditional Goods January to April 1985 and 1986
(FOB value in million use)

<u>Commodity</u>	<u>1986</u>	<u>1985</u>	<u>Percent change</u>
Coconut products	166	121	37.19
Sugar and products	39	91	(57.14)
Forest products	50	71	(29.58)
Mineral products	85	76	11.84
Fruits and vegetables	47	52	(9.62)
Abaca fibers	5	6	(16.67)
Tobacco unmanufactured	5	5	--
Petroleum products	18	10	80.00
Total	415	432	(3.94)

Source: Central Bank

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INDUSTRY SEEKS DELAY ON IMPORT LIBERALIZATION

HK051525 Quezon City BUSINESS DAY in English 5 Aug 86 p 20

[Text] Industry is asking that the remaining more than 300 "sensitive" items being proposed under import liberalization be exempted from that program until the economy goes back to the 1983 level.

This means that local producers of those products should have 80 percent capacity utilization of plants compared to the present 40 percent.

Raul Concepcion, chairman of Concepcion Industries, Inc., described the more than 300 remaining items as the "most sensitive" because they are domestically produced.

These products include raw materials and intermediate inputs such as PVC, intermediate and capital goods such as basic refractories, and consumer goods and other products such as new tires.

Government may favor postponing import liberalization on these items, Concepcion said, and give "the benefit of the doubt to the domestic manufacturers."

Concepcion cited the following criteria for favoring the postponement of the liberalization program on those items:

--Substantial foreign exchange savings is realized vis-a-vis importing the product.

--Generation of employment is substantial.

--Selling price to the consumer is not higher than 10 percent to 15 percent of the equivalent cost of the imported product provided the correct duties and taxes are paid and the home consumption value is based on the "normal" and not depressed domestic wholesale price at the country of manufacture.

--Protection given on the differential between cost of power and money in Thailand, Malaysia, Singapore, Indonesia and Brunei against the same items' cost in the Philippines because cost of power in this country is double and interest rate is 18 to 20 percent while in the Asian countries it is merely 10 percent.

Quality of the product is acceptable.

--The existing mechanism under Central Bank Circular 1029 which assigns the task of monitoring imports before a letter of credit is opened is continued.

This "mechanism" sees to it that the stated criteria are met, regulates and decides when imports should be allowed to come in, particularly when local supply is limited or to force a manufacturer to lower his price to a reasonable level.

The Board of Investments' decisions can also be made "transparent" and open to scrutiny by the public or industry sector affected to avoid "criticism," Concepcion said.

Concepcion warned that if import liberalization is implemented indiscriminately on these more than 300 items, a serious foreign exchange availability problem would come about "within one year."

The domestic market is already a shrunken one, he said. As soon as imports are allowed to come in, these will eat into that already shrunken market to force it to shrink further.

Apart from this shrunken market pressure, Concepcion said, industry will face the problem of depressed prices as domestic industries are forced to lower prices to stop further erosion of their markets by cheap imported goods.

"A shrunken and still shrinking market aggravated by imports and the prospect of having to lower prices when one is already operating at below capacity would combine to force you to close your plant and resort to being a mere trader," Concepcion warned. "So everything will be imported. And when we are completely dependent on imported goods the cartels abroad will raise their prices. Besides, once you have turned trader, it becomes very hard to switch back to being a manufacturer."

By using non-tariff barriers or quantitative restrictions--say, a quota--on the 313 items now up for import liberalization, government would not be unduly penalizing the consumer because there would be a lot of foreign exchange savings and employment would be created as industries stop operating below normal capacities, he said.

"A year from today we won't have the luxury of foreign exchange being easily available to us for all those imports," he reiterated.

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CSO: 4200/1302

OVERSEAS JOB PLACEMENTS ON RISE

HK041553 Quezon City BUSINESS DAY in English 4 Aug 86 p 2

["Economic Indicator" column: "Overseas Job Placements Up"]

[Text] The number of land-based workers whose overseas employment contracts were processed by the Philippine Overseas Employment Administration (POEA) for the first six months of the year went up slightly by 4.3 percent from the yearago level despite the slowdown in hirings of contract workers in the Middle East, the Philippine's largest labor market.

For the first half of 1986, the POEA processed a total of 184,355 contracts for overseas jobs. This reflected an increase of 7,595 over the 176,760 applications processed in the same period last year.

POEA data showed that by country of destination, the Middle East hired the most number of Filipino contract workers with a total of 139,293. This, however, reflected a 2.24-percent decline from last year's 142,491, reflective of the shift from infrastructure construction to operations and maintenance activities. This was aggravated further by the cost-reduction strategies adopted by Middle East countries in response to diminishing oil revenues.

Contracts processed for employment in the Americas likewise declined during the period in review. From 3,947 workers hired for the Americas last year, this year's figure went down 10.82 percent to 3,520.

The increase in demand for Filipino workers in Trust Territories and the Asian region made up for the decrease in hirings from the Middle East bloc and the Americas. During the period, a total of 35,324 Filipinos were deployed in Asia and 2,144 in the Trust Territories.

Processed Land-Based Contract Workers by Country of Destination

First Semester, 1985 and 1986

<u>Destination</u>	<u>1986</u>	<u>1985</u>	<u>Percent change</u>
Africa	1,121	1,110	0.99
Asia	35,324	25,220	40.06
Americas	3,520	3,947	(10.82)
Europe	2,372	2,002	18.48
Middle East	139,293	142,491	(2.24)
Oceania	581	520	11.73
Trust Territories	2,144	1,470	45.85
Total	184,355	176,760	4.30

Source: Philippine Overseas Employment Administration (POEA)

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CSO: 4200/1302

PAPER CONSIDERS NEW ROLE FOR CENTRAL BANK

HK041033 Manila THE MANILA EVENING POST in English 31 Jul 86 p 4

[Editorial: "A New Role for the CB"]

[Text] Malacanang should perhaps consider this good chance to appease the business community adversely affected by the exercise of the awesome powers of the Presidential Commission on Good Government [PCGG].

The leaders of our banking system have proposed that the Central Bank [CB] be designated the implementing arm of the PCGG in the sequestration of suspected "crancy" banks. Speaking through the Bank Marketing Association of the Philippines (BMAP), our bankers have solid reasons to back their proposal.

Already suffering from bad business, without the PCGG sequestrations sowing panic among bank depositors through their imprudent sequestration of shares of stock in several stable commercial banks, our bankers believe that the PCGG should, at least, conduct its business in a more rational, sensible manner.

The bank runs that followed each sequestration, they say, were caused by publicity through media. To minimize this, our bankers suggest that the PCGG should confine itself to giving the notice of sequestration to the banks so that they can restrict any transfer of ownership of shares.

And with the Central Bank as the PCGG's implementing arm, the loss of deposits, demoralization of bank employees, and damage to the reputation of these banks can be forestalled.

The banking community has been the victim of the PCGG's arbitrary sequestration activities which have caused many banks to flounder. The instability caused by the violation of the law on secrecy of deposits, and the forcible opening of safety deposit boxes by PCGG investigators have shaken the banking system to its very core.

It is not certain how Malacanang will respond to the travails of our bankers, but if Mrs Aquino or anyone of her more responsible leaders can see the validity of the BMAP proposal, and act, it will go a long way to helping minimize the adverse effects of the PCGG's actions.

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CSO: 4200/1302

COMMERCIAL BANKS RESERVE DEFICIENCY RISES

HK051537 Quezon City BUSINESS DAY in English 5 Aug 86 p 2

["Economic Indicator" column: "Banks Reserve Deficiency Up"]

[Text] Commercial banks since March last year have been unable to meet the reserve requirements imposed by the Central Bank [CB].

According to the latest available CB data, the overall reserve deficiency of the commercial banking system widened in May to P4,967.3 million.

The May deficiency was higher by 251.52 percent than the yearago's P1,413.1-million gap and by 6.3 percent than the previous month's P4,669.4-million shortfall.

Commercial banks are required to keep as reserves, either in the form of deposits at the CB or cash in their vaults, a certain percentage of their deposits.

The CB has been lowering the reserve requirement so banks would have more funds for lending. From April 1984 to August 1985, banks were required to keep 24 percent of their deposits or eligible government securities as reserves. From September to May this year, the reserve requirement was lowered to 23 percent.

Last May 26, under CB Circular No 1104, the reserve requirement was again reduced to 22 percent. (Last Friday, the Monetary Board, the CB's policy-making body, cut it further to 21 percent).

A bank incurs a reserve deficiency when it is unable to put up the required reserves because of its tight cash position.

Based on the requirement as of May, the total required reserves of commercial banks should have been P19,312.6 million out of their total deposits of P101,771.4 million. However, they were only able to keep P14,345.3 million in reserves, 16.80 percent lower than last year's P17,241.6 million.

Required Available Reserves Against Deposit Liabilities of Commercial Banks
(in million pesos)

<u>Period</u>	<u>Deposit Liabilities</u>	<u>Required Reserves</u>	<u>Available Reserves</u>	<u>Excess/ (Deficiency)</u>
1986 January	102,448.9	19,615.6	15,402.5	(4,123.1)
February	97,806.4	19,023.8	12,298.4	(6,725.4)
March	101,427.5	19,643.4	14,626.1	(5,017.3)
April	99,615.8	19,667.2	14,997.8	(4,669.4)
May	101,771.4	19,312.6	14,345.3	(4,967.3)
1985 January	98,847.0	18,517.9	19,277.3	759.4
February	98,948.4	18,580.4	18,609.5	29.1
March	96,331.1	18,188.7	15,235.7	(2,953.0)
April	96,036.2	18,191.2	16,547.0	(1,644.2)
May	98,285.4	18,654.7	17,241.6	(1,413.1)
June	99,765.5	19,153.1	18,147.6	(1,005.5)
July	95,581.0	18,568.0	17,164.1	(1,403.9)
August	98,410.9	19,124.4	17,016.6	(2,107.8)
September	102,119.5	19,026.2	17,741.8	(1,284.4)
October	99,645.8	18,644.0	14,994.7	(3,619.3)
November	100,211.8	18,808.1	15,613.8	(3,194.3)
December	107,893.7	20,332.4	17,127.0	(3,205.4)

Source: Central Bank

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CSO: 4200/1302

PROPOSED HOUSING MINISTRY TO ABSORB 5 MHS AGENCIES

HK050619 Manila THE NEW PHILIPPINES SUNDAY EXPRESS in English 3 Aug 86 pp 1, 6

[By F.V. Maragay]

[Text] Deputy Executive Secretary Herminio S. Aquino disclosed yesterday that the proposed Ministry of Housing will absorb five shelter-related agencies of the soon-to-be-abolished Ministry of Human Settlements (MHS).

Aquino, who is officer-in-charge of the MHS, said that the five agencies and their specific functions under the proposed housing superbody are:

National Home Mortgage Finance Corp. (mortgage banking)

Home Financing Corp. (insurance)

Human Settlements Regulatory Commission (regulation)

Home Development Mutual Fund or Pag-ibig (fund generation)

National Housing Authority (low-cost housing production)

He said the five agencies, which comprise one-third of the total assets of the MHS, perform vital functions in expanding housing opportunities and therefore, have to be preserved and strengthened.

Aquino, who spoke before members of the Lions' Club International, said the reorganization of the MHS may be implemented this September.

Aquino, however, stressed that only a few of the remaining 33 attached agencies of the MHS will be abolished since most of them will be transferred to other government ministries where they properly belong while others will be privatized.

Although some 600 ministry employees had already been retrenched because of the phaseout of some projects, Aquino said there will be no mass layoff, but only a mass realignment, of the remaining 12,000 employees as soon as the revamp is carried out.

Aquino said the Presidential Commission on Good Government is considering the creation of a new office that will supervise the three MHS agencies involved in livelihood, namely the Kilusang Kabuhayan at Launlaran, [word indistinct]--National Livelihood Program] Technology Research Center and Human Settlements Development Corp. [HSDC].

He said the government is likely to retain these three agencies because these are "people-oriented groups concerned with providing livelihood generation and livelihood opportunities for the lower-income classes."

He said the MHS task force which he heads has started transferring some agencies to other ministries.

The former MHS health-related agencies like the Philippine Heart Center for Asia, Lung Center and Lungsod ng Kabataan [City of the Youth] have been absorbed by the Ministry of Health, Aquino revealed.

He said the Intramuros Administration and the Nayong Pilipino [Philippine village--a tourist attraction] will be taken over by the Ministry of Tourism.

On the phaseout of some MHS units, Aquino said the task force has stopped the operations of the National Dendro Development Corp. because the Dendro thermal plants it is undertaking have been found to be unviable.

Likewise, 17 KKK projects were phased out, he said.

Aquino said the subsidiaries of the HSDC will be privatized in line with government's policy to disengage in enterprises that compete with private business.

Citing the achievements of the Aquino government in livelihood, Aquino said that the MHS has initially invested this year P7 million for 82 ongoing projects benefitting 2,265 recipients.

These projects include agri-livestock food production, cottage and light industries, trading and services.

He said the actual loan repayment has averaged at a rate of 70 percent.

In Pasay City, Aquino said that the KKK assisted 48 market vending projects with a loan of P272,000 of which P254,926 have already been repaid as of June this year.

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CSO: 4200/1302

MANILA RESUMES HOUSING FUND CONTRIBUTIONS

HK041545 Manila MANILA BULLETIN in English 4 Aug 86 pp 1, 11

[Text] President Aquino has decided to maintain the Pag-IBIG [compulsory reduction from pay for housing scheme] fund with a lower contribution from both employees and employers and with new features favorable to lower income members.

In Executive Order No 35 signed July 30 and released yesterday, the President reduced the fund contribution of employees earning not more than P1,500 a month from three to one percent of their monthly fund salary. Contribution of those earning more than P1,500 was reduced from three to two percent of their monthly fund salary.

All employers will contribute a counterpart of two percent of the monthly salary of the covered employees. The rate was down from the previous three percent.

The executive order amended several provisions of Presidential Decree 1752 creating the Pag-IBIG Fund, also known as the Home Development Mutual Fund.

The executive order clarifies that the term "monthly fund salary" would be the basic monthly pay plus the cost-of-living allowance (COLA) of the employee. The order pegged at P5,000 the maximum monthly fund salary to be used in computing employee and employers contribution.

In her amendment of the decree, the President reiterated that a number of good standing will be eligible to apply for a housing loan based on his ability to pay. She added that the board of trustees "shall institute policies to ensure that lower income members obtain such housing loan."

A report on the status of the fund, including recommendation, must be submitted to the President not later than March 15 every year. The board has also been directed to "furnish members of the fund a statement of their accumulated fund value at least once a year."

The President also protected the interest of the employees against unscrupulous employers by adding a new provision which states that "failure or refusal of the employer to pay or remit the contribution herein described shall not prejudice the right of the covered employee to the benefits under this act."

Contributions will continue to be remitted through the Social Security System (SSS) and the Government Service Insurance System (GSIS). Non-payment will subject the employer to a penalty of three percent a month of the amount payable from the day the contribution falls until paid.

The President suspended contribution to the fund effective last May 1 to see how the burden of lower income earners can be reduced and their benefits increased.

It was decided to maintain the fund with new safeguards after consultation with affected sectors, she said.

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CSO: 4200/1302

PHILIPPINES

42 PERCENT OF POPULATION UNDER 15

HK050455 Davao City PEOPLE'S DAILY FORUM in English 16 Jul 86 pp 1, 7

[By PCF (expansion not given) Media Service]

[Text] The Philippines has a relatively young population, with about 42 percent below 15 years (National Census and Statistics Office Yearbook, 1985).

Of these, only a few receive quality education. The rest are crammed in public schools; worse, many drop out because of poverty and they are forced to help their parents earn a living.

Whether in or out of school, the youth fall prey to many temptations, ranging from drugs to sex.

To be young in Asia means having problems, both economic and sexual in nature, recent studies have pointed out.

"Poor children are often forced to assume the responsibilities of adulthood to ease the economic difficulties of their families." Since jobs are hard to find, however, "many of the youngsters are pushed into marrying early and thus become the high-fertility parents of the next generation (Youthlink)."

According to one writer, the youth are usually discussed in one or a combination of the following issues: Unemployment, child labor, education, health and nutritional status, crime and delinquency, military service and drug use and abuse.

"What is needed are programs that relate these issues to main stream economic development."

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CSO: 4200/1302

REPORT NOTES POVERTY LEVEL IN PHILIPPINES

HK060259 Manila THE MANILA CHRONICLE in English 5 Aug 86 p 1

[By staff member Raul Marcelo]

[Text] Three out of five Filipinos are now struggling below the poverty line-- that is, they belong to families that don't earn enough to be able to live decently.

That's 60 percent (32.4 million) of the 54 million population.

Fourteen years of martial rule by Marcos did it, according to Economic Planning Minister Solita Monsod.

"It is a said fact that in (those) years... the poor not only became poorer, their number actually swelled," she said.

The poverty line has been pushed up by inflation to P2,200 a month.

That's how much a family should earn to be able to feed, shelter, clothe and educate itself.

The really poor, she said, live "under subhuman conditions, making them more susceptible to disease, exploitation and machinations of others."

She said that the government's efforts to focus on small industries held great promise to alleviate the problem.

Small industries don't require too much capital and call for lower job skills, she said.

The government has already determined measures to undertake to generate employment opportunities particularly in the countryside, where poverty is a special problem, Monsod said.

Some of these measures are a package of direct assistance to small businessmen, removal of all policy biases against the rural sector, improvement in the delivery of basic social services, tapping non-traditional sources of funds to augment existing financing programs, sub-contracting arrangements among small, medium and large enterprises and the adoption of an integrated technical assistance program for cottage and small and medium-size industries.

EX-NPA CHIEF URGES ABSORPTION OF NPA INTO MILITARY

HK050716 Quezon City ANG PAHAYAGANG MALAYA in English 24 Jul 86 p 4

[Text] Bernabe Buscayno, former head of the New People's Army, yesterday said that the Aquino government may have to agree to accommodate members of the NPA in the Armed Forces of the Philippines [AFP] for a lasting truce with the rebels.

In a symposium on insurgency sponsored by the National Forum and the Promotion of Church People's Rights held at the United Council of Churches of the Philippines in Quezon City, Buscayno explained that the success of the peace talks mainly depend on the willingness of the Aquino government to accommodate the rebels into its fold.

The Aquino government has the option to agree to the creation of a coalition government wherein the rebels, who already have their own government organization, program, territory and army, are treated as partners in implementing programs to attain national industrialization, genuine land reform and national independence, Buscayno added.

Buscayno, also known as Kumander Dante, stressed that the NPA will not easily agree to a truce unless it is convinced that it is possible to work with the Aquino government in ridding the Philippine society of political and economic structures which exploit and oppress the Filipino masses.

Another option, Buscayno said, would be for the Aquino government to assure the rebels that the National Democratic Front will be legitimized for them to be able to pursue their programs, whether as partners of government or separately.

The inclusion of some members of the NPA into the AFP might even help, Buscayno noted, as the military establishment has to undergo changes and be fully reoriented to become a true Filipino people's army.

Buscayno even urged human rights advocates in the audience to watch the moves of the military saying that it is the institution that is easily swayed and used by reactionary forces and foreign imperialists like the U.S. in oppressing the people.

Okung puede ngang pag-re-signin ang lahat ng miyembro ng militar, i-reorient at pagkatapos ay piliin sa mga ito yun lamang karapat-dapat na maging kasaping people's army [if it were possible, all members of the military should resign, undergo reorientation, and then only deserving ones be chosen to become members of the people's army.]," Buscayno said.

Buscayno said that one of the pressing problems of the Aquino government is how to ensure the loyalty of the military establishment to the government and the people it should serve.

"Kung si Cory lang e hindi niya makakayang magalaw ang military. Malaki ang matutulong ng tao sa pamamagitan ng lubusang suporta sa mga gagawin ni cory," [Cory alone could not move the military. The people could help a lot through full support of Cory's undertakings.] Buscayno added.

At present, Buscayno noted that some forces within and outside the government, including reactionary forces in the military, are already exerting efforts to prevent a successful negotiation.

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CSO: 4200/1302

NPA SAYS AFP NOT OBEYING AQUINO ORDER ON PRIVATE ARMIES

HK050649 Quezon City ANG PAHAYAGANG MALAYA in English 25 Jul 86 p 7

[By June Lopez]

[Text] The New People's Army has accused the military of undermining the directive of President Aquino to dismantle the private armies of political warlords.

In a statement, the NPA said the Armed Forces of the Philippines [AFP] in fact, maintains the private armies to fight insurgents in the countryside.

The President ordered the military to disarm followers of political warlords, especially those in the South, during her trip to Davao City in May.

The President's action was prompted by complaints that these private armies were responsible for the use in violence [as published] in the rural areas.

PULANG BANDILA (RED FLAG), the official publication of the NPA said the military has tried to make it appear that it is complying with the order of Mrs Aquino, the commander-in-chief.

"The facts belie the AFP's claims," the NPA said, pointing to the private army of Lanao del Sur political kingpin Ali Dimaporo.

The NPA quoted Armed Forces chief Gen. Fidel Ramos as saying the armed followers of the former governor could not be confronted at the moment "to maintain balance of power in the area."

The NPA disputed Ramos' explanation.

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CSO: 4200/1302

MISAMIS ORIENTAL OIC'S SAID REBEL SYMPATHIZERS

HK050539 Manila THE NEWS HERALD in English 3 Aug 86 pp 1, 6

[Text] Eighty per cent of the appointed officers-in-charge [OIC's] of the 24 towns of Misamis Oriental have been tagged as alleged sympathizers of the dissident movement.

This was disclosed by three staunch anti-communist leaders in that province.

They claimed that the OIC's, aside from giving material support to the dissidents, are also contributing government funds to the underground movement.

Some NPA leaders, they claimed, have been appointed to sensitive positions like councilmen in the local government.

Dominador Galarion, a famed local CPP [Communist Party of the Philippines]/NPA fighter and most outstanding policeman of Misamis Oriental for 1979 who went into hiding with 35 armed men, former civilian home defense force members and policemen, upon the assumption of the OIC of Gingoog City. [sentence as published]

Galarion said the OIC disarmed them of their service firearms, rendering them helpless in the fight against the dissidents.

"Because we feared the NPA's would go after us when we were disarmed by the OIC, we had to go to the hills," Galarion said.

Galarion added that on three occasions he saw three ranking commanders of the NPA in the Gingoog area conferring with the OIC.

Galarion, who returned last Monday to the folds of the law unconditionally upon intercession of the military in the area, also alleged upon his surrender with his men that the NPA's had launched a black propaganda campaign to discredit the "Tadtad" religious organization.

He said the NPA's have pictured the "Tadtad" as a bloodthirsty group which have been killing innocent people.

The word tadtad, Galarion said, only describes part of the initiation rites for every member which require him to cut his arm with a bolo.

The members believe that if the arm is slashed and no wound is made, he is purified of sin. The slashing ceremony is only done on Fridays.

What the NPA's did to discredit the Tadtad is to massacre a family in Gingoog by hacking them to death and blaming it on them, Galarion clarified.

Sagrado Catilil Sade, Jr., a high priest of the "Tadtad" otherwise known as the Sagrado Corazon religious organization, said where the Tadtads are, the dissidents cannot infiltrate their villages.

Catilil who claims that there are over a million members of his organization in the entire country counting among them as members of the police, PC [Philippine Constabulary], and district engineers, said the Tadtad only seek to improve the livelihood and lifestyle of persons to qualify for God's kingdom, protect democracy in the Philippines and counter the communist threat.

"We are a peaceful religious organization," Catilil stressed.

Catilil recounted how the NPA's killed 33 persons in Binnangan, Misamis Oriental. He said the victims were attending a religious service of the Sagrado Corazon inside their church when all of a sudden the terrorists peppered with automatic gunfire all of those inside the church.

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BRIEFS

MINISTRY OF MUSLIM AFFAIRS ALLOTMENT--The Ministry of Muslim Affairs is allotted some 60 million pesos for the 3d quarter to finance government economic oriented projects. Muslims Affairs Minister (Cando Muhab-ri) said the beneficiaries for the projects are Muslims and cultural communities members in the country. Jojo Ismael Reports: [Begin recording] Minister (Muhab-ri) said that the ministry's project funds for the 3d quarter will give emphasis on projects that are development oriented and economic activities, those that make productive use of indigenous resources, and help generate employment for the Muslims and the cultural community members. The Muslim minister emphasized that these government project funds are not doleouts that can be squandered by the recipients. At the same occasion, Minister (Muhab-ri) announced the formation of the National Muslim Council to advise him on Muslim affairs and a National Minorities Council to similarly advise him on minority affairs. The members of these councils will come from the leadership of concerned communities. [end recording] [Text] [Quezon City DZFM Radio in English 0700 GMT 5 Aug 86] /8309

LABOR MINISTER AGAINST MILITARY DISPERSAL OF STRIKES--The Labor Ministry is insisting for an immediate dialogue with the military and the police on military assault on workers' picket lines. Labor Minister Augusto Sanchez said the Labor Ministry and the Armed Forces should come out with guidelines on how police and military personnel should handle strikes and other forms of industrial protest actions. The labor minister said the police and the military should come in only if criminal acts are committed. Sanchez warned that continued strike dispersal operations by the Capital Command, Constabulary, and local police forces will only lead to an upsurge of strikes. [Text] [Quezon City DZFM Radio in English 0400 GMT 6 Aug 86] /8309

REGIONAL NP CAUCUS--In Lingayen, Pangasinan, former member of Parliament Rene Cayetano said that the revolutionary government of President Corazon Aquino is a weak government that could lapse within one hour or one hundred years. Cayetano made the statement during the regional caucus of the Nacionalista Party. The caucus was attended by party bigwigs not only from Northern Luzon but throughout the country. Cayetano said the president's government should listen to the popular clamor of the people for the holding of elections at the soonest possible time. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 3 Aug 86] /8309

KBL CHALLENGES AQUINO TO WIPE OUT INSURGENCY--The opposition Kilusang Bagong Lipunan [KBL] challenged President Aquino to wipe out communism and insurgency. It was previously recommended by its Central Committee and proposed by Defense Minister Juan Ponce Enrile. KBL leaders led by former Speaker Nicanor Yniguez as acting party president said the successful disposal of the communist insurgency problem in the country will effectively pave the way for socioeconomic recovery and progress. Enrile told members of the Credit Management Association of the Philippines that the 250,000-strong New Armed Forces of the Philippines can annihilate the armed communist rebellion in the country in one sweep if President Aquino orders them to do so. [Text]
[Manila Far East Broadcasting Company in English 2300 GMT 4 Aug 86] /8309

CSO: 4200/1302

THAILAND

PRIME MINISTER ORDER ON COMMUNIST SUPPRESSION PUBLISHED

Bangkok MATICHON SUT SAPDA in Thai 29 Jun 86 pp 14, 15

[Office of the Prime Minister Order No 47/2529 on Further Clarification Concerning Communist Suppression Operations, signed by Gen Prem Tinsulanon, the prime minister, on 24 March 1986]

[Text] 1. General

1.1. Activities to suppress the communists, who pose a great danger to the security and safety of the nation, religion, and monarchy, have been carried on based on Order 66/2523 dated 23 April 1980, Order 5/2524 dated 13 January 1981, and Order 65/2525 dated 27 May 1982. These activities have achieved good results in virtually ending the revolutionary war waged by the Communist Party of Thailand (CPT). Peace and security have been won for the great majority of the people at all levels and in all occupations, including people in both rural and urban areas, in all regions of the country.

1.2. However, there are still factors that the CPT could use during times of crisis on the political, economic, social, or military fronts to launch another armed struggle, which could lead to conflicts and fighting and great loss of life, destruction of property, and loss of national resources. This could bring great devastation to the people and country at a time when the fighting in neighboring countries continues and no solution to the international problems in Indochina is in sight. Besides this, this poses a danger that could affect the security and safety of the country as a whole.

2. Objective

To build on the results gained by ending the communists' revolutionary war in order to win a decisive victory over the communists in all forms and make the country permanently secure and safe.

3. Policy

To develop democracy with the king at the head in accord with the wishes of the people, the social conditions, and Thailand's customs, traditions, and

culture. Emphasis will be placed on increasing individual political freedoms and the sovereignty of the masses in order to bring about tangible results at all levels.

4. Implementation

4.1. There will continue to be strict adherence to Order 66/2523 of 23 April 1980, Order 5/2524 of 13 January 1981, and Order 65/2525 of 27 May 1982.

4.2. The struggle to defeat the communists and other forms of terrorism, including the Malaysian communist guerrillas, the bandit terrorists, and other criminals:

In the present situation, suppressing the CPT takes priority. Attention must be focused on defeating the party and front. This is the immediate task of overriding importance.

4.2.1. Defeating the party:

This refers to defeating those in the leadership organization and suppressing the CPT's organizations, from the CPT Central Committee down to the village committees. This includes the activists. This is to be done by putting pressure on the CPT so that it cannot wage an armed struggle and forcing it to use legal political rights and freedoms in a democracy with the king at the head based on Thailand's constitution and the policies implemented by the government. Operations must be carried on until success has been achieved.

4.2.2. Defeating the front:

This refers to solving those problems that are the cause of the conflict and that have led to injustice and taking urgent action to build unity and solidarity in order to bring about mutual understanding among all groups of people, including people in political organizations, bureaucrats, and people in the private sector. At the same time, quick action must be taken to eliminate the influential people, dark powers, and criminals, which are the social factors that have led to the formation of opposition fronts at all levels.

Defeating the front is aimed at avoiding violent situations, which could result in the country being taken over by dictatorial powers. If that happened, certain groups of people might be forced to flee into the jungle and work with the CPT, which is waiting for an opportunity to revive the revolutionary war in order to achieve its objectives.

However, the CPT's front does not refer just to the movements and groups that are cooperating with the communists. This also refers to all activities that could lead to an atmosphere of violence, a violent situation, or a violent struggle stemming from different political, economic, social, or military ideas. Thus, intelligence activities aimed at obtaining information about the

front must be carried on in a very careful and circumspect manner, and targets, which includes clearly-defined intelligence needs, must be stipulated.

4.2.3. Defeating the armed forces:

This refers to applying pressure to the remaining armed forces in each region in the present situation using tactics suited to the military target in order to force them to lay down their weapons, abandon their armed struggle, and cooperate with the people in each locality in developing the country on the political, local administration, economic, and social fronts and preserving Thailand's wonderful traditions, customs, and culture.

4.3. Internal problems have arisen as a result of serious ideological splits between senior CPT leaders. This has led to a crisis concerning the struggle line and internal party organization. As a result of this, there has been a loss of leadership in the struggle to score results in the revolution to seize state power based on the stages of the national democratic revolution, with the goal being to bring about a socialist society based on the communist ideals.

This situation is favorable to our side. We must take urgent action to destroy the party. This takes priority over destroying the front and the remaining armed forces. However, in each situation, decisions must be made very carefully so as not to create factors that the CPT could use to its advantage using front tactics.

4.4. To win a decisive and permanent victory over the communists and other terrorist groups, the most important factor is to develop the administrative system in a democracy with the king at the head. We must develop a strong and perfect system in order to reach our highest goal, which is to give sovereignty to the masses and increase the legal freedoms of the people, including personal and political freedoms, which form the basis of administration in a democratic system. This is essential.

4.5. To hit the struggle targets in the present situation, the political education lines must be revised in accord with the system of democracy with the king at the head. This is a basic factor of great importance. The people must develop an awareness that will benefit their native country. Attention must be focused on the following important principles, which are at the heart of democracy:

4.5.1. Maintaining internal security, which is of paramount importance, depends on developing a democratic system of administration with the king at the head in order to struggle against all dangers—regardless of whether they stem from the activities of the communists or from other illegal powers—that could threaten the security of the nation, religion, and monarchy.

4.5.2. All people, regardless of their race, religion, sex, age, occupation, or economic status, are vital to the development of the democratic system with the king at the head. Thus, urgent action must be taken to make people realize that each person holds a share of the power in administering things in a

democracy with the king at the head. Each person has the legal right to vote for people to carry out tasks in various political organizations from the local to the national level regardless of the form. The aim is to have the benefits gained from having a democratic system of administration with the king at the head satisfy the needs of the majority of the people in the country in an equitable manner.

4.5.3. Even though the communist party and those still participating in the communist movement have been defeated in the revolutionary war, they have not abandoned the idea of waging an armed struggle. They only thing is that they cannot do this at the present time. They are now waiting for an opportunity. They are waiting for factors to arise that will enable them to launch an armed struggle. There is only one thing that can prevent the communists from waging an armed struggle and that is waging a peaceful struggle in accord with the methods of a democratic system with the king at the head.

4.6. The state organizations at all echelons must eliminate corruption, improper behavior, and dark powers and influences that pose a danger to honest people. This must be done in both the rural and urban areas so that the people feel that their lives and property are safe, that they can work without fear of threat, and that there are guarantees for a secure future for them and their families.

5. Administration

5.1. Administration as detailed in Order 66/2523 of 23 April 1980 will remain in effect.

5.2. All ministries, bureaus, departments, and organizations must stipulate plans and projects in their spheres of concern. This includes stipulating units and/or people responsible for implementing things in accord with this order in order to achieve tangible results at all levels of society.

5.3. The Internal Security Operations Command is responsible for carrying on things in accord with the orders issued. It is the principal unit in coordinating things with the ministries, bureaus, departments, and organizations concerned in order to achieve success in maintaining internal security.

5.4. Top priority must be given to providing financial support in order to implement these orders.

This is effective immediately.

Issued on 24 March 1986
Gen Prem Tinsulanon, Prime Minister

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CSO: 4207/278

THAILAND

SRV TROOPS SUSPECTED OF TRAT BRIDGE SABOTAGE

Bangkok DAILY NEWS in Thai 28 Jun 86 pp 1, 16

[Excerpts] A reporter from Trat Province reported that at 1010 hours on 27 June, Police Sublieutenant Winai Nutchai, the officer on duty at the Trat provincial police station in Muang District, was informed by Mr Prasoet Damrongphon, age 45, an engineer with the Ban Khlongson highway team, Trat Highway Division, Department of Highways, that saboteurs had damaged the bridge across the Kwang Canal at Kilometer 41 on the Trat-Khlong Yai highway and that large vehicles could not use the bridge. Police Sublieutenant Winai reported this to his superior and hurried to inspect the bridge.

Commander Thoetsak Phromsiri, Royal Thai Navy, told reporters that the reason why no bomb fragments were discovered was that the saboteurs had used TNT. The investigation showed that explosives had been tied to three consecutive bridge piles and so the bridge did not sustain much damage. If the charges had been set properly, the bridge would have sustained major damage. When thahan phran irregulars searched the area around the bridge, they found some plastic bags filled with dried food. These were kept as evidence. Commander Thoetsak said that the saboteurs were definitely Vietnamese, because Vietnamese frequently eat this type of dried food. From talking with students at the Ban Khlongson School, officials learned that on the evening that this happened, students saw five or six men dressed in black uniforms like thahan phran irregulars walking near the bridge. It is thought that those were the Vietnamese soldiers who sneaked across the border to commit this act of sabotage.

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THAILAND

KHMER ROUGE CONTINUE WEAPONS SALES TO TRAFFICKERS

Bangkok DAILY NEWS in Thai 3 Jul 86 pp 1, 2

[Excerpt] Police Lt Gen Samoe Damaphong, the commissioner of the Central Investigation Bureau, ordered Police Maj Gen Bunchu Wangkanon, the commander of the Suppression Division, to conduct an investigation and seize weapons in various locations. Police Col Naret Kunwat, the superintendent of Precinct 4, Suppression Division, and Police Lt Col Prasan Thanasukan, the deputy superintendent of Precinct 4, conducted an investigation and learned that Thai merchants had purchased weapons from Khmer Rouge soldiers and hidden them in the Khao Noi area in Danchumphon Subdistrict, Bo Rai District, Trat Province, along the border with Cambodia. They planned to sell them to influential people. This was reported to the commander of the Suppression Division.

On 1 July, Police Col Naret Kunwat, Police Lt Col Chuwong Aphirat, an inspector with Section 1, Precinct 4, Police Maj Wuti Phiphatbuankun, an inspector with Section 1, Precinct 4, Police Maj Songwuti Thawankitkamrong, an inspector with Section 2, Precinct 4, and Police Cpt Keyun Chaocharoen, a deputy inspector with the Explosives Section, Precinct 3, went to the Khao Noi area, which is a national forest preserve. But the weapons traffickers learned that the police were coming and fled before they arrived. The officials used equipment to search the area and found 4 AK rifles, 1,000 rounds of AK ammunition, 18 magazines, and 28 communist-made hand grenades of the M-41 type. The weapons had been wrapped in plastic and buried beneath a large tree. The officials took all of the evidence to the Suppression Division for further handling of the case.

On 6 April 1986, this same group of police officers arrested four weapons traffickers in Chamrak Subdistrict, Muang District, Trat Province. The evidence seized included 4 AK rifles, 5,600 rounds of AK ammunition, and 6 magazines. The four suspects were identified as Mr Cha-on Munchara, Mr Thonglo, or Yao, Thongngam, Mr Itchai Ratchakit, and Mr Praphan Em-ot. Officials filed charges against the four suspects in the Trat provincial court. The court sentenced each one to 10 years in prison.

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CSO: 4207/285

THAILAND

EDITORIAL BLASTS MALAYSIA OVER FISHERIES DISPUTE

Bangkok NAEON in Thai 13 Jul 86 p 4

[Editorial: "The Fishing Problem"]

[Text] Thailand's fishing industry is known as an economic activity that requires special persistence. Fishermen have to sail far out to sea. They also fish in the territorial waters of other countries. Some risk arrest for fishing in the waters of other countries while others negotiate joint fishing agreements. The reason why they have to do this is that Thailand's territorial waters have declined in productivity. And Thailand's fishing sector has grown so much that it can now compete against technological leaders such as the United States and Japan.

The government has conducted negotiations to enable Thai fishermen to fish legally in the territorial waters of other countries, including India, Pakistan, and Burma. The only country that has posed a problem during the negotiations and that likes to take strong measures against Thailand is our neighbor Malaysia. Most recently, Malaysia fired on a Thai boat operating near the sea boundary. Several Thai seamen were killed or wounded and some were arrested.

Such actions by Malaysia should be condemned. They are treating Thai fishermen like pirates even though it is not clear whether the areas where Thai boats operate belong to Thailand or Malaysia or, if they do belong to Malaysia, whether they intended to violate Malaysia's territorial waters on purpose or did so by mistake. The Thai government should not sit by idly in the face of such strong action by Malaysia. It should retaliate as appropriate and find a way to end this conflict between Thailand and Malaysia.

Besides this, in order to restore the morale of Thai fishermen in the south, Thai officials should send patrol boats to protect the fishing boats that operate along the sea boundary and clarify the exact position of the sea boundary between Thailand and Malaysia. There must be good communications between the Thai patrol boats and Malaysia in order to avoid clashes and more violence.

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THAILAND

DEBATE BEGINS OVER ARMY, ISOC STRENGTH, PERSONNEL

Bangkok NAE0 NA in Thai 29 Jun 86 pp 1, 16

[Unattributed report: "Army States That It Will Not Reduce Number of Personnel, Fears That That Would Affect the Morale of the Soldiers"]

[Text] The army has confirmed that it will not reduce troop strength at this time. That would affect the morale of the troops. An effort will be made to prevent having overlapping positions or units.

The policy of Gen Chawalit Yongchaiyut, the RTA CINC, is to adjust the size of the army in accord with the country's political and economic situation. A news source from the Directorate of Personnel told NAE0 NA that in implementing this policy, a work committee has had to be established to consider the advantages and disadvantages of this. The committee must listen to the ideas of all sectors of the army. Because adjusting the strength of the army will not affect the various sectors equally.

The news source said that the work committee has just begun considering this matter. Nothing definite has been decided. However, it is unlikely that there will be any reduction in troop strength at this time, because that would have an adverse effect on troop morale.

"The work committee will undoubtedly consider what effects a reduction in manpower would have on the army in general," said the news source.

There have also been rumors that there will be a reduction in the number of regular personnel and paramilitary forces subordinate to the Internal Security Operations Command (ISOC). The news source from the Directorate of Personnel said that the number of military personnel assigned to the ISOC every year is definite, because the number of slots is used to draw salaries from the Ministry of Finance. Before any decision is made on reducing or increasing the number of military personnel in the ISOC, a work committee must discuss things and the matter must be handled in stages. For example, personnel surveys must be conducted and assignments given based on technical principles so that everything is in order before salary requests are sent to the Ministry of Finance. This takes quite a long time.

Civilian officials just provide help to the ISOC. The unit to which they are subordinate pays their salaries. Thus, there should not be any need to reduce the number of such officials.

"The important thing that must be discussed in line with the policy of the present RIA CINC is preventing any overlapping of positions or units," said the news source.

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THAILAND

COLUMN PROFILES COMMANDER OF THAHAN PHRAN IRREGULARS

Bangkok DAILY NEWS in Thai 30 Jun 86 p 5

[DAILY NEWS Square column by Nanthana: "Introducing Special Col Wanchai Amphunan, the Commander of the Pakthongchai Thahan Phran Irregulars"]

[Text] Today, I would like to introduce a thahan phran irregular whose role is to wage guerrilla war in the jungle. He is a thahan phran irregular leader who has fought to defend Thailand and who has earned a reputation as a clever and brave fighter.

Special Col Wanchai Amphunan, the commander of Pakthongchai thahan phran irregular camp, was born on 1 April 1938 in Suan Chitlada, Bangkok Metropolitan. He is the son of Lt Col Chop and Mrs Sawat Amphunan. He completed lower secondary school from Wat Benchamabophit School. He then entered the Preparatory School as a member of Class 16. He graduated from the Chulachomklao Royal Military Academy (CRMA) as a member of Class 9, the same class as Maj Gen Mongkhon Amphomphsit, an aide to the minister of defense, Maj Gen Kasem Naphasawat, and [navy] Cpt Prathan Phakdi. He then took pilot training at the Khok Krathiam base in Lopburi Province. He was then assigned to the 3d Division, Suranari Base, as a pilot. He served with the forward 2d Army Area in Sakon Nakhon for 2 years. He was then made a transport pilot with the Transportation Department. In 1973 he received a grant to take the 1-year battalion commanders course in the United States. After that, he took a 4-months course on helping the people. On returning to Thailand, he attended the Army Command and General Staff College as a member of Class 49. After graduating, he was promoted to major and assigned to Intelligence Unit 506, Directorate of Operations. In 1977 the army formed the thahan phran irregulars. He was appointed head of the thahan phran irregulars in Prasat District, Surin Province. In 1980 the army established a thahan phran irregular unit at Pakthongchai. He was promoted to colonel and made the deputy commander of Unit 513. In 1982 he was promoted to special colonel and made the commander of the thahan phran irregular unit at Pakthongchai.

He is one of the people who, together with Gen Chawalit Yongchaiyut, the present RTA CINC, established the thahan phran irregulars. The Pakthongchai camp is a special forces training center of the thahan phran irregulars. All forms of combat are taught, including guerrilla warfare. This is also a model center for training thahan phran irregular instructors, who are then assigned

to various localities in the army regions. Besides this, it is also a special forces unit that has fought battles throughout the country. In particular, it has fought battles along the lower northeastern border against enemies from within and from outside the country.

He is a resolute man who ensures that the thahan phran irregulars maintain discipline. He has trained many soldiers. He has always fought side by side with his troops without thought to his personal safety. His only thought has been to help defend the country. He is the one who thought of building a thahan phran irregular monument in front of the Pakthongchai Camp in order to keep the ashes of soldiers killed in battle. He also established the Santinimit Unit to carry on psyops activities in areas infiltrated by communist terrorists and win the masses back to our side. At the same time, this unit has also participated in developing villages and building roads and water sources and helped the people with land. For example, Ban Santinimit and Ban Khlong Toei in Pakthongchai now have sources of water, running water, and a food bank. In the past, these villages had problems. But now they are quiet and happy places. There has been development on all fronts in order to improve the lives of the people. These are the achievements of this clever and daring soldier, who fits the saying "during times of war, we fight; during times of peace, we develop."

Unless the situation changes, he will probably rise even higher. He may even be promoted to general this October.

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THAILAND

ARMY SPECIAL SERVICES DEPARTMENT HEAD PROFILED

Bangkok DAILY NEWS in Thai 7 Jul 86 p 5

[DAILY NEWS Square column by Nanthana: "A General From the AAA Regiment Is the Head of an Army Department"]

[Text] Maj Gen Thawiwit Niyomsane, the head of the Special Services Department, was born on 9 July 1934. His father, Lt Col Thawin Niyomsane, was a soldier, too. His mother was Mrs Noppapha. He is the second of three children.

He attended primary school at the Damnoen Suksa School and secondary school at the Suan Kulap School. He then entered Chulachomklao Royal Military Academy [CRMA] as a member of Class 4. Fellow classmates included Maj Gen Thanaphon Buntopatsatham, the deputy commander of the Special Warfare Command, and Maj Gen Choe Phothisinak, the commander 4th Infantry Division. After graduating from CRMA, he served with various army units. He served with AAA units for quite a long time. He once served as the commander of the 1st AAA Regiment, an important and well-known combat unit. Following that, he served as the chief of staff of the AAA Division. He was then appointed deputy commander of the AAA Division. After that he was appointed head of the Special Services Department. And in October 1985 he was promoted to major general and made head of the Special Services Department [as published].

Besides CRMA, he also attended the Army Command and General Staff College and the Army War College. He also observed artillery operations.

The things that he is most proud of are being appointed general and being awarded the "saisaphai" [sash] class decoration, or Prathamaphon Mongkut Thai decoration. He has not suffered any great disappointments either professionally or personally.

The head of the Special Services Department, who was raised in a military family, married Prani Mokakhasamit on 21 February 1958. They have three children. The oldest, Thitiphong, earned his master's degree from Mahidol University. Their second child is Chongkalawan, who received her bachelor's degree from the Faculty of Dentistry, Mahidol University. Their youngest child, Sanchak, is a 4th-year student at CRMA.

In his work, Maj Gen Thawiwit Niyomsane adheres to the ideal of being "sincere, honest, and fair." His hobbies include reading and listening to the news on the radio and television. He loves Thai food and Thai sweets. He sometimes does the cooking himself if he has time. He rarely goes out to eat.

You are now acquainted with a well-disciplined officer who is sincere about his work and who is a good father to his three children. He is a quiet person, but he has good human relations and is willing to listen to others. And he treats everyone fairly.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK COMMENTARY CALLS FOR TRIAL OF LE DUAN CRIMES

BK150525 (Clandestine) Voice of Democratic Kampuchean in Cambodian 2330 GMT
14 Jul 86

[Station commentary: "Although the Criminal Is Dead, His Crimes Should Be Sentenced"]

[Text] The general public was outraged after Le Duan's death. People think that although Le Duan is dead, he cannot escape from his crimes. Le Duan should be tried; this is a just opinion.

Le Duan is the most savage murderer of our time. At the end of 1978, Le Duan sent hundreds of thousands of soldiers to attack Cambodia, an independent, peaceful, sovereign, neutral, and nonaligned state and a full member of the United Nations. He did this in a most insolent manner without any consideration to international law and the UN Charter. Then, Vietnamese soldiers, equipped with modern weapons and Soviet-made tanks, fired on, shelled, and ran over Cambodian people of all ages in a most fascist and barbarous manner wherever they went. During the first stage of this aggression, millions of Cambodian people--particularly the elderly, children, and women who cannot quickly escape--perished; a large number of others who escaped to hilly and forested areas were pursued and killed by the hundreds and thousands by Vietnamese soldiers. This is a most barbarous and savage act which cannot be described. Those who have seen corpses of Cambodian people strewn in hilly and forested areas would certainly be outraged.

During the following years, the Le Duan clique continued to massacre the Cambodian people with every means. Innocent Cambodian people continue to die tragically. Those who survive live under all kinds of maltreatment and oppression from the Vietnamese. They have been forced to serve as soldiers and die on behalf of the Vietnamese or work along the western border which is a hot battlefield. The Vietnamese, like animals, plunder and rape women. In sum, the scale of destruction caused by Le Duan against the Cambodian nation and people is unprecedented in the over 2,000 year-old Cambodian history.

As for the Lao people, they have suffered the same fate as the Cambodian people. They have been massacred and maltreated by Vietnamese soldiers and

administrative personnel sent by Le Duan to control Laos. About one-third of the Lao people have been massacred or forced to flee abroad. Along with this, Le Duan also ordered their forces to carry out provocative activities and violate Thai and Chinese borders, harming the Thai and Chinese people along the borders and causing considerable damage to their property.

Through its war of aggression in Cambodia, Le Duan has constantly maintained tension in Southeast Asia and the Asia-Pacific region.

As for the Vietnamese people themselves, Le Duan not only did not try to revive the Vietnamese economy--which has been in ruins after decades of war--or improve the Vietnamese people's poor living standards, but wasted the enormous resources of the Vietnamese nation and people in his war of aggression in Cambodia. This has further worsened the Vietnamese economy and the Vietnamese people's living standards. The Vietnamese people, young people in particular, have been drafted by the tens of thousands and sent to die annually in Cambodia. The Vietnamese people continue to suffer from family separation. At the same time, Le Duan also carried out other activities to oppress the Vietnamese people, such as sending people to new economic zones and to work in the Soviet Union to pay off debts. This complex and difficult situation in Vietnam has led millions of Vietnamese people to flee their country by sea to live abroad; another large number perished tragically at sea.

These are the crimes of Le Duan against the Vietnamese nation and people--great suffering, poverty, and destruction never before encountered by the Vietnamese people. So, Le Duan is the most barbarous murderer of the Cambodian, Lao, Vietnamese, and other people in this region. He is the most savage criminal of our era. That is why world public opinion says that although Le Duan is dead, his crimes should be sentenced just like the world sentenced Hitler, the great murderer of World War II. Le Duan's crimes deserve a trial. This also would maintain peace and security and international stability and avoid the recurrence of Le Duan-type of person in our world.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VONADK CARRIES OPEN LETTER TO SRV PEOPLE, LEADERS

BK150418 (Clandestine) Voice of the National Army of Democratic Kampuchea in
Cambodian 2315 GMT 14 Jul 86

[14 July "Open Letter" from Cambodian People to Vietnamese People and Leaders]

[Text] We, the entire Cambodian people who are suffering from the war of aggression of the Le Duan clique, would like to send this open letter to the Vietnamese people and leaders who are succeeding Le Duan to express our sentiments to the Vietnamese people and leaders in the following terms.

Vietnamese people and leaders: Le Duan, the Vietnamese leader, has died. Under his leadership, Le Duan implemented a war of aggression against Cambodia. This war has dragged on for almost 8 years now. What are the results of this war of aggression during the past almost 8 years?

1. For the Cambodian people and Cambodia, the Le Duan aggressor clique has sowed great destruction and crime barbarously and most savagely. As for Vietnam, hundreds of thousands of Vietnamese soldiers are being seriously bogged down on the battlefield of aggression in Cambodia. There is no indication as to when they can get themselves out of this situation.
2. In Vietnam, economic, financial, and social problems are worsening. The Vietnamese people's living standard is falling without any sign that these problems will be resolved.
3. In the international arena, the world has been condemning Vietnam for its war of aggression in Cambodia and demanding the withdrawal of all Vietnamese forces from this country.

All these are facts surrounding Le Duan's policy of waging a war of aggression in Cambodia. Now Le Duan is gone. What are new Vietnamese leaders going to do? Should they try to resolve these major problems? Or will they follow Le Duan's path? Will they change Le Duan's policy, which has created the above problems? If they are going to follow Le Duan's path, what would be the result? This is the situation facing the new Vietnamese leaders and the Vietnamese people themselves. If they continue along Le Duan's path or are willing to live under this policy of aggression against Cambodia, they will not escape hardship, destruction, and suffering. The Vietnamese people will suffer in poverty and disgrace.

On this occasion, the Cambodian people, who are gentle and imbued with a peace-loving spirit and desire to live peacefully with the Vietnamese people, would like to propose to the Vietnamese people and Vietnamese leaders who are taking over from Le Duan that they change this policy of aggression against Cambodia by agreeing to resolve the Cambodian issue in accordance with the CGDK's 8-point peace proposal. In only this way can the above three major problems be resolved.

The Cambodian people, like people throughout the world and the Vietnamese people, think that the CGDK's 8-point peace proposal is the best solution for providing peace to Cambodia and Vietnam and for the benefit of peace and security in Southeast Asia, the Asia-Pacific region, and the world. The Cambodian people ask the Vietnamese people and the new Vietnamese leaders to consider this problem. All this is entirely up to the Vietnamese and the new Vietnamese leaders and nobody else.

[Dated] 14 July 1986

[Signed] The Cambodian people, who are suffering from the war of aggression of the Le Duan clique.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK COMMENTARY URGES CHANGE ON SRV LEADERSHIP

BK180854 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
17 Jul 86

[Station commentary: "The Post-Le Duan Vietnamese Leadership Should Learn From the Adverse Lesson of Le Duan's Warmongering, Expansionist Policy"]

[Text] Le Duan, widely considered the archcriminal and murderer who massacred the Cambodian, Lao, and Vietnamese peoples, who brought ruin and misery to Vietnam and woes, hardship, separation, and tragic death to the Vietnamese people, and who sabotaged peace and stability in Southeast Asia to the daily denunciation and condemnation of the whole world, is now dead.

People are waiting to see what kind of policy his successor will pursue and what line he will follow. In particular, they want to know whether he wishes to restore Vietnam's economy, improve the Vietnamese people's lot, and save Vietnam and its people from the current state of extreme impoverishment. Does the post-Le Duan leadership want to whitewash Vietnam's name of the infamy of being a genocidal, expansionist, and annexationist aggressor? Does it want to be free of the world's condemnation? It is widely opined that the post-Le Duan Vietnamese leadership should learn from the adverse lesson of Le Duan's odious policy which has brought untold ruination and suffering to the Vietnamese nation and people.

Vietnam's economy has now hit rock bottom and the Vietnamese people have become the poorest people in the world. What is the cause? There are many causes, but the main one is the war of aggression against Cambodia launched by the Le Duan authorities. The latter have mobilized almost all of the capital and resources of the Vietnamese nation and used them in their war of aggression against Cambodia. They have mobilized the labor force by forcibly drafting Vietnamese youths and people to fight and die without a cause in Cambodia. Even the international aid destined for Vietnam's reconstruction has not been spared: The Vietnamese authorities have diverted it for us in their war of aggression in Cambodia.

This war of aggression is a heavy burden that has increasingly gutted Vietnam's economy. It is a noose that has tightened little by little around the necks of the Vietnamese people for the past nearly 8 years. Therefore, if the

post-Le Duan leadership really wants to solve Vietnam's economic crisis and to loosen this incapacitating noose, it should not hesitate to look squarely at this main root cause. If it does not solve the problem at its roots and tries only to solve the problem through various reforms and plans and only by merely devaluing the Vietnamese currency or reshuffling individuals in the same manner as during the Le Duan period, no problems will be solved. On the contrary, Vietnam's economy will plunge lower and lower; inflation will soar; the prices of goods will rise; and the Vietnamese people will become more discontented and indignant just as they were during Le Duan's time.

Moreover, Vietnam at present is being denounced and condemned far and wide by the international community for invading and occupying Cambodia, occupying Laos, causing a serious Cambodia, Lao, and Vietnamese refugee problem in the region, violating the territorial integrity and sovereignty of Thailand, provoking tension in the Chinese border region, undermining peace and stability in Southeast Asia, and so on. Despite the fact that Vietnam is well seasoned in its "all smile", deceptive, cunning, and mendacious diplomacy, it cannot escape from the ignominy of being denounced and condemned and from its utter isolation in the international arena.

All these are the odious, shameful experiences of the Le Duan era. Therefore, with Le Duan gone forever, there is an opportunity for the post-Le Duan leadership to learn from this adverse lesson and avoid following Le Duan's path. If it wants to build a developed economy in Vietnam, bring prosperity to Vietnam, and save Vietnam from shame, it should put an end to the policy of aggression and expansion against neighboring countries, stop the war in Cambodia, withdraw all troops from Cambodia, and rally the forces to launch an offensive for economic restoration and national reconstruction.

Should the new leadership refuse to learn from the adverse lessons of the Le Duan era however, and stubbornly carry on the war of aggression in Cambodia, the Vietnamese nation and people will certainly continue to suffer utterly and, like Le Duan, the new Vietnamese leadership will be condemned and cursed by the Cambodian, Lao, Vietnamese, and world's peoples.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK APPEALS TO PRK SOLDIERS, ADMINISTRATORS

BK120727 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
11 Jul 86

[Station "appeal": "The Fraternal Cambodian Soldiers and the Village, Commune, and District Administrators Who Have Been Forced To Serve the Vietnamese Should Join With Our People in the Struggle Against the Vietnamese Aggressors To Defend Our Country and Race"]

[Text] Due to their serious impasse in the military field, the Vietnamese aggressors have turned to settling more Vietnamese nationals in Cambodia. At the beginning of May, they sent 600 families of Vietnamese nationals to settle along the banks of the Mekong River in Chhlong and Kroch Chhma Districts and several hundred other families to Kratie District along the Mekong River. At the beginning of June, they send 2,500 families of Vietnamese nationals to settle in Pongro, Banteay Preal, and Krang Leav Communes in Rolea P'ier District and tried to drive our people out of these three communes. But our people have protested and struggle vigorously against this act. Moreover, the fraternal Cambodian soldiers and village and commune administrators in Rolea P'ier District and other areas throughout Kompong Chhnang Province have joined with the people in these three communes in struggling against the Vietnamese aggressors.

The Vietnamese aggressors have sent more Vietnamese nationals to settle in Cambodia and drive our people out of their homes in an attempt to intensify their Vietnamization in Cambodia. Moreover, they want to use these Vietnamese settlers as their eyes and ears, assisting the Vietnamese aggressor troops in Cambodia because the Cambodian people, the fraternal Cambodian soldiers, and the village and commune administrators who have been forced to serve them have jointly mutinied and turned against the Vietnamese aggressor troops almost everywhere. These Vietnamese settlers will be appointed village and commune administrators; the Cambodian administrators will be gradually expelled because the Vietnamese aggressors have lost trust in them.

According to the Le Duan clique's plan, more Vietnamese nationals will be sent to settle in and take over all state power in Cambodia. This is a great danger to our Cambodian nation and race.

For this reason, we call on all fraternal Cambodian soldiers and village and commune administrator to rise up and struggle against this Vietnamese plan. When the Vietnamese nationals are sent to your villages and communes, you should follow the example set by our fraternal Cambodian soldiers and village and commune administrators in Kompong Chhnang Province who have joined with the people in Pongro, Banteay Preal, and Krang Leav Communes in Rolea P'ier District in protesting and struggling against the Vietnamese aggressors attempt to drive our people out of their hometowns as mentioned above. Moreover, you should stop serving the Vietnamese aggressors and use the weapons given you by the Vietnamese aggressors to protect your families and relatives from being expelled from their home villages and communes.

You should not trust your fate to the Vietnamese enemies. They will only use you for a while and then expel you. Your fate is bound with our nation and people. If our nation and people are in trouble and unhappy, you also will be unhappy. If our nation and people die, you also will not survive. Your life will be meaningless. Therefore, it is imperative for you to rise up and jointly fight against the Vietnamese aggressors in order to liberate our country and people and defend our race.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DK ENVOY PRESENTS CREDENTIALS TO PAKISTAN'S ZIAUL

BK140336 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
13 Jul 86

[Text] His Excellency Mohammed Ziaul Haq, president of the Islamic Republic of Pakistan, solemnly accepted the credentials of Chan Youran naming him ambassador extraordinary and plenipotentiary of Democratic Kampuchea in a ceremony in Islamabad on 10 July. On this occasion, a Pakistani military band played the national anthems of the two countries before the review of an honor guard.

On behalf of DK President Samdech Norodom Sihanouk, the CGDK, and the Cambodian people, who are valiantly fighting to defend national independence, the nation, and the Cambodian race, Chan Youran expressed deepest thanks to President Ziaul Haq and the government and people of Pakistan for their wholehearted and consistent support for the Cambodian people's struggle on the international arena, especially at the United Nations and in the Nonaligned Movement. Chan Youran noted that the noble support of the Islamic Republic of Pakistan and other peace- and justice-loving countries in the world has plunged the Vietnamese authorities into their present state of utter isolation. Furthermore, the support of the Islamic Republic of Pakistan has strongly encouraged the struggle of our people and CGDK. It is an effective contribution to defeating the Vietnamese enemy on the diplomatic as well as the military front and to defending peace and stability in Southeast Asia and the world.

Chan Youran most highly appreciated Pakistan's support for the 8-point proposal of our CGDK for a political settlement of the Cambodian problem. This support is another weapon forcing Vietnam to settle the Cambodian problem politically. At the same time, Chan Youran informed the Pakistani president of the all-round development of the Cambodian people's struggle under the leadership of our CGDK. He also expressed respect and admiration for Pakistan and its people for supporting the Afghan people's struggle against aggression and expansion, which resembles that of our Cambodian people. In this respect, Pakistan has been assisting more than 3 million Afghan victims of aggression, allowing them to take refuge on its territory.

On behalf of the Cambodian people and the CGDK, Chan Youran also expressed respect and admiration for the current brilliant successes recorded by the

Pakistani people under the leadership of President Mohammed Ziaul Haq in national defense and reconstruction.

President Mohammed Ziaul Haq expressed satisfaction with the Cambodian people's struggle under the CGDK's leadership and his belief that the Cambodian people will certainly liberate their fatherland in the end despite many difficulties and obstacles. He affirmed that the Pakistani Government and people will continue supporting the struggle of the Cambodian people and CGDK until total victory.

He asked DK Ambassador to Pakistan Chan Youran to convey his greetings to DK President Samdeck Norodom Sihanouk and his best wishes to the Cambodian people for more and greater successes in their struggle.

After presenting his credentials, Chan Youran had the great honor of attending a luncheon hosted by Pakistani President Ziaul Haq for this occasion. The luncheon proceeded in a friendly and warm atmosphere.

This credential presentation ceremony clearly showed that the Islamic Republic of Pakistan, the Pakistani leadership, and the Pakistani people firmly side with our CGDK in the sacred struggle for national liberation and racial preservation.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK SAYS SRV TO SUFFER MORE IF IT CONTINUES WAR

BK200909 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
19 Jul 86

[Station commentary: "Vietnam Will Suffer More Serious Destruction if It Stubbornly Carries on Its War of Aggression Against Cambodia"]

[Text] A joint communique was issued in Hanoi on 16 July after Soviet Premier Ryzhkov met and held talks with Truong Chinh, Le Duan's successor. The communique noted that the Soviet Union and Vietnam will further strengthen their relations on the basis of the so-called Treaty of Friendship and Cooperation signed between the Soviet Union and Vietnam in 1978.

What is the true nature of the treaty? In 1978, before sending troops to invade Cambodia, the Hanoi Vietnamese leaders went to Moscow to ask for Soviet support and military aid, including tanks, artilleries, weapons, and ammunition, for use in their aggression against Cambodia. They signed the so-called Treaty of Friendship and Cooperation with the Soviet Union on 3 November 1978. Less than 2 months after signing this treaty, the Hanoi authorities, with the full support from the Soviet Union, sent tens of thousands of troops to invade and occupy Cambodia blazently, truculently, and barbarously on 25 December 1978. Therefore, the treaty is actually a military treaty between Vietnam and the Soviet Union in their joint aggression and occupation of Cambodia. Since then, based on the military treaty, the Soviet Union has continued to send weapons and ammunition of all types to the Le Duan clique to enable it to carry on its war of aggression and occupation in Cambodia and to annex the whole of Cambodia for use as a spring board for further aggression and expansion throughout Southeast Asia in accordance with the Soviet-Vietnamese global and regional expansion strategies.

Truong Chinh who has succeeded Le Duan has now declared openly that Vietnam will continue to adhere to the military treaty. This clearly shows that Vietnam still stubbornly carries on its war of aggression, expansion, annexation, and extermination against the Cambodian race without thinking of the destruction and danger to both the Cambodian and Vietnamese nations and peoples and without caring for peace and security of any country in the region. Like those in Le Duan's era, the Vietnamese authorities under Truong Chinh still do not want to solve the Cambodian problem through political means despite insistent demand by the world community. When Truong Chinh took

the office, he immediately called on all Vietnamese people to jointly strive to solve the increasingly serious economic crisis. World public opinion and the international economic experts are of the opinion that the current serious economic situation in Vietnam has been caused by the Vietnamese war of aggression against Cambodia. If Vietnam does not end its war of aggression against Cambodia, it will not be able to solve its serious economic problem. It is clear that if Truong Chinh does not want to draw a lesson from the erroneous policy pursued by the Le Duan clique which sent troops to invade Cambodia, thus plunging Vietnam and the Vietnamese people into the great destruction and worsening the Vietnamese economy to the lowest point, and if he continues to lead Vietnam and the Vietnamese people on the dangerous and most destructive road, Vietnam and the Vietnamese people will certainly face greater danger than during the Le Duan clique's time. This is because the burden of the war of aggression against Cambodia will never reduce. It will only become heavier and will drain all of Vietnam's capital, natural resources, and manpower as well as the lives of the Vietnamese youths and people. The Vietnamese people will only suffer even more seriously, and Vietnam will face more destruction. The only alternative is for Truong Chinh--Le Duan's success--to put an end to the Vietnamese war of aggression against Cambodia and withdraw all Vietnamese aggressor troops from Cambodia back home in order to mobilize all of Vietnam's manpower and capital for restoring Vietnam's economy and national reconstruction. Only by so doing will Vietnam be able to solve its current acute economic crisis, become prosperous like other countries, and have good relations with its neighbors and all countries in the world. This is the hope of the Cambodian people as well as all Vietnamese people.

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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

POPULAR APPEAL ISSUED TO SRV TROOPS

BK230242 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
21 Jul 86

[Cambodian People's Appeal to Vietnamese Aggressor Troops on the Cambodian battlefield]

[Text] To all Vietnamese aggressor troops:

Vietnam has been at war for more than 50 consecutive years. This 50-year war has caused untold misery to the Vietnamese people and great ruins to Vietnam. The Vietnamese people have been separated from their families, parents, husbands, wives, and children and have been living in poverty and suffering from shortages of everything.

In 1975 when Vietnam was liberated and permanently unified, the entire Vietnamese nation and people were very happy, hoping that with the end of this protracted war they would be able to mobilize their forces to rebuild the country and national economy and improve the living conditions of the Vietnamese people who have suffered untold misery for a long time in the past. But, contrary to this wish of the Vietnamese nation and people, immediately after the war for national liberation ended, the Hanoi authorities who were then led by Le Duan again kindled the flames of war by sending troops to wage a war of aggression and race extermination against Cambodia. This war of aggression has dragged on for almost 8 years now. What has this war of aggression brought to the Vietnamese nation, people, families of the Vietnamese soldiers, and the Vietnamese soldiers themselves?

1. This war of aggression has caused great destruction not only to the Cambodian nation and people but also to the Vietnamese nation and people. All Vietnamese soldiers are well aware of these problems. Due to this war of aggression against Cambodia, Vietnam's economy has deteriorated to a degree unprecedented in the history of Vietnam. The national reconstruction and improvement of the Vietnamese people's living conditions have not been implemented because the Hanoi authorities have mobilized all national capital, national resources, labor forces, and foreign aid for use in waging the war of aggression in Cambodia. The poverty-stricken Vietnamese people have become poorer and suffered even more. In addition to this, the Vietnamese people have again been separated from their families due to the fact that the Hanoi authorities have sent their husbands and sons to fight and die in Cambodia.

In the international arena, Vietnam has become more notorious than at any time in the past. The whole world has kept condemning Vietnam for committing aggression and occupying Cambodia and for destroying peace, security, and stability in the whole of Southeast Asia. Vietnam's true tricky nature is well known in the nonaligned movement where it is regarded as a fake non-aligned country, a Soviet cat's-paw in this region, and a most cruel, barbarous, and arrogant aggressor and expansionist. Therefore, Vietnam in Le Duan's era was greatly despised and became extremely isolated in the international arena.

2. All the Vietnamese aggressor troops have seen themselves how the Hanoi authorities have forced them to live in difficulties in the forests and mountains of Cambodia. In some areas, the Vietnamese soldiers have to stay in holes like rats. They have suffered shortages of everything--food and medicine. They have been left to suffer alone without care when they are sick. At the same time, their superiors have bullied, manhandled, and even shot them to death. Worse still, the Hanoi authorities have forced their soldiers to fight for nothing in Cambodia until they are either killed or maimed.

These are facts that all Vietnamese soldiers have seen with their own eyes or experienced themselves.

The Vietnamese soldiers have been deeply bogged down in Cambodia for almost 8 years now. No matter how hard they try, they will not be able to extricate themselves from this quagmire. On the contrary, they will only become more deeply bogged down because the Vietnamese to annex Cambodian territory and exterminate the Cambodian race. [as received] They pledge to jointly fight the Vietnamese aggressors until all of them are driven out of Cambodia.

It is useless to let this war drag on. Prolonging this war will only cause greater destruction to Vietnam and more difficulties and suffering to the Vietnamese people, including your parents, wives, and relatives. Therefore, the only way out is for all the Vietnamese soldiers to join with the Cambodian people and the DK National Army in bringing a quick end to this war by jointly mutinying and demanding that the new Vietnamese leaders correct the wrong policy pursued by Le Duan, that is, the policy of committing aggression and expansion against neighboring countries, and immediately end this most destructive war of aggression against Cambodia. Particularly, you should call on the new Vietnamese leaders to accept the CGDK's 8-point proposal so that Vietnam can withdraw itself with honor from this destruction and an impasse in Cambodia. Only by ending the war of aggression against Cambodia will all the misery and destruction of the Vietnamese people and nation be ended and will all of you be able to return to Vietnam to live with your parents, wives, children, and relatives.

/6662

CSO: 4212/90

REPORTAGE ROUNDUP OF BATTLE REPORTS 1 - 18 JUL

Kompong Som Town Attack

BK120007 (Clandestine) Voice of the National Army of Democratic Kampuchea
in Cambodian 2315 GMT 11 Jul 86

["Report from various battlefields"]

[Excerpt] Kompong Som battlefield: On the night of 1 July, our national army attacked Kompong Som town from two directions. The first prong attacked the Vietnamese platoon north of (Tao); the second attacked the Vietnamese governor's house. After a 15-minute battle, we killed 15 and wounded 25 Vietnamese enemy soldiers; among those killed were 2 city administrators and 2 city police chiefs. We destroyed 5 B-40's, 3 RPD's, 2 M-79's, 5 AK's, a C-25 radio, 2 telephones, the governor's house, 2 city offices, 2 barracks, 8 military trucks, 4 cars, 6 motorcycles, 10 bicycles, 2,000 liters of gasoline, 50 sacks of rice, and some war materiel.

On the same night, the Vietnamese enemy dispatched a company from [name indistinct] plan attempt to ambush [words indistinct] the road junction from the rubber plantation to O Chheuteal. We ambushed them at the Phumh Thmei road junction, killing six, including a company officer, and wounding eight, and destroyed six weapons and some war materiel.

The next morning, another two Vietnamese soldiers were killed by our mines when they were tracking us. Confusion has reigned in the city since 1 July.

4 - 10 Jul Reports

BK110215 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea broadcast the following battle reports during the reporting period 4 - 10 July:

VONADK at 2315 GMT on 4 July reports that DK forces attacked the Vietnamese administrative networks in Sisophon District on 26 June and canoes in Siem Pang District on 27 June and in Stung Treng District on 28 June; and conducted guerrillas activities on Siem Reap, north Sisophon, Stung Treng, South Sisophon, Koh Kong Leu, Route 4, western Leach, and Pailin battlefields between 6 and 30 June, killing 78 and wounding 59 enemy soldiers; destroying Vietnamese

administrative networks in 2 villages, 16 weapons, 1 truck, 1 tractor, 4 canoes, 1 C-25 radio, 6 barracks, and some ammunition and war materiel; and seizing 22 weapons and some ammunition and war materiel.

According to VONADK at 2315 GMT on 5 July, DK forces attacked the Vietnamese administrative networks in Santuk and Kompong Svay Districts on Kompong Thom battlefield on 29 and 30 June, in Krakaoh commune on MOUNG-PURSAT battlefield on 30 June, in Toek Phos District on Kompong Chhnang battlefield on 25 June, in Tuk Meas, Kompong Tralach, and Kampot Districts on Kampot battlefield on 29 and 30 June, and in Tram Kak District on Takeo battlefield on 30 June; cut railroad tracks on MOUNG-PURSAT battlefield on 27 June and on Kompong Chhnang battlefield on 28 June; ambushed Vietnamese platoons in Puok District on 19 June and in Toek Phos District on the same day; and conducted guerrilla activities on Kompong Thom, MOUNG-PURSAT, Kompong Chhnang, Kampot, Takeo, and Siem Reap battlefields between 17 June and 2 July, killing and wounding 61 Vietnamese soldiers; destroying Vietnamese administrative networks in 3 communes and 15 villages, 3 weapons, 2 trucks, 1 tractor, 2 commune office buildings, 1 barracks, 280 meters of railroad track, and some war materiel; seizing 1 gun and some ammunition and war materiel; and liberating 10 villages on Kompong Thom battlefield and 5 villages on MOUNG-PURSAT battlefield.

VONADK at 2315 GMT on 6 July reports that DK forces ambushed a train in Battambang Province on 29 June; attacked Vietnamese administrative networks in Kompong Leng District on 27 June, in Stoeng Trang District on 2 July, in Chamka Leu District on 2 July, and in Sangke District on 30 June; ambushed a truck on route 4 in Sre Ambel District on 1 July; and conducted various other activities on north Sisophon, east Battambang, Tonle Sap, Kompong Cham, south Battambang, Route 4, Pailin, Koh Kong Leu, Ratanakiri, and south Sisophon battlefields between 17 June and 4 July, killing and wounding 144 Vietnamese soldiers; dismantling the Vietnamese administrations in 1 commune and 10 villages, 57 assorted weapons, 1 locomotive, 16 train cars, 3 trucks, 400 meters of telephone cable, and some war materiel; seizing 4 weapons and some ammunition and war materiel; and liberating 4 villages on Kompong Cham battlefield.

At 2315 GMT on 7 July VONADK reports that DK forces attacked the Vietnamese administrative networks in Sangke District on 3 July, in Kompong Svay District on 2 July, in Sandan District on 4 July, and in Santuk District on 29 June; ambushed trucks in Phnum Srok District on 2 July, 1 Vietnamese platoon in Thmar Puok District on 25 June, and a battalion position in Thpong District on 1 July; and conducted various guerrilla activities on the Pailin, Battambang, north Phnom Penh battlefields between 25 June and 4 July, killing 54 Vietnamese enemies, including a captain, and wounding 60 others. They destroyed the Vietnamese administrative networks in 14 villages, 29 assorted weapons, 2 trucks, 2 boats, 2 telegraphic equipment, 10 barracks, and some ammunition and war materiel; seized 1 gun and 4 boats; liberated 6 villages on Battambang battlefield; and freed 12 militiamen on Kompong Thom battlefield.

VONADK at 2315 GMT on 8 July reports that DK forces dismantled the Vietnamese village and commune administrations in Krakor, Mong, and Bakan Districts on

Moung-Pursat battlefield on 29 June and 1 and 2 July, in Sangke District on south Sisophon battlefield on 5 July, on Samlot battlefield on 28 June, and in Bariibo District on Kompong Chhnang battlefield on 4 July; cut 9 sections of railroad track in area between Kbal Say and Kouk Trom on Kompong Chhnang battlefield on 3 July; ambushed 6 Vietnamese trucks on Samlot battlefield on 30 June and a Vietnamese motorboat along Sen River on Kompong Thom battlefield on 4 July; and conducted various other guerrilla activities on Samlot, Koh Kong Leu, south Sisophon, Kompong Chhnang, and Moung-Pursat battlefields between 29 June and 5 July. They killed and wounded 80 Vietnamese soldiers; destroyed the Vietnamese administrations at 1 commune and 7 villages, 10 guns, 1 truck, 1 motorboat, 225 meters of railroad track, 200 meters of telephone wire, and some ammunition and war materiel; seized 2 guns and some ammunition and war materiel; and liberated 2 villages on south Sisophon battlefield.

According to VONADK at 2315 GMT on 9 July, DK forces attacked the Vietnamese village and commune administrations in Ponhea Loe District on 30 June, Udong District, Sandan District, and Baray District on 1 July, Kong Pisei District between 25 and 29 June, and Chhuk District on 3 July; ambushed a Vietnamese battalion in Baray District on Kompong Thom battlefield and Vietnamese platoons in Anlung Veng District on Oddar Meanchey battlefield on 30 June, on Kompong Thom battlefield on 22 June and 3 July, and in Udong District on northwest Phnom Penh battlefield on 30 June; and conducted various other guerrilla activities on Kampot, Pailin, Koh Long Leu, southwest Phnom Penh, Kompong Thom, Kompong Cham, and Siem Reap battlefields between 20 June and 6 July. They killed 58 Vietnamese enemy forces including a district administrator and a commune administrator, and wounded 92 others. They destroyed 2 commune and 15 village administrative networks, 14 guns, 1 salt storehouse, 15 barracks, 1 bridge, and some ammunition and war materiel; seized 10 guns and some ammunition and war materiel; and liberated 10 villages on Kompong Thom battlefield.

At 2315 GMT on 10 July VONADK reports that DK forces dismantled the Vietnamese administrations in Chamka Leu District on 6 July, Baray District on 1 July, and Chikreng District on 19 June; cut 11 sections of railroad tracks on Kompong Chhnang battlefield on 30 June; and launched other guerrilla activities on Siem Reap, Moung-Pursat, Kompong Chhnang, and Pailin battlefields between 11 June and 4 July, killing or wounding 66 Vietnamese soldiers; destroying 2 commune and 2 village administrative networks, 1 commune office building, 200 meters of railroad track, 5 barracks, and some war materiel; seizing 1 gun; and liberating 3 villages on Kompong Cham battlefield and 5 others on Kompong Thom battlefield.

11 - 17 Jul

BK180424 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea broadcast the following battle reports during the reporting period 11-17 July:

VONADK at 2315 GMT on 11 July reports that DK forces attacked Kompong Som Town on 1 July; dismantled the Vietnamese administrative networks along

Route 5 on 6 July, in Udong District on 6 July, in Chamka Leu District on 6 July, in Baray District on 3 July, in Sandan District on 4 July, and in Kompong Trach District on 26 June; ambushed a Vietnamese company on south Sisophon battlefield on 9 July, some Vietnamese soldiers in Udong District on 6 and 7 July, and trucks in Stoung District on 3 July; and conducted various guerrilla activities on the Moung-Pursat, northwest Phnom Penh, Kompong Thom, Kompong Cham, Kampot, and South Sisophon battlefields between 26 June and 9 July, killing or wounding 190 Vietnamese soldiers; destroying 3 village and 7 commune administrative networks, 38 assorted weapons, 14 trucks, 2 C-25 radios, 2 telephone sets, 6 motorcycles, 10 bicycles, 3 commune office buildings, 1 governor's house, 1 city office building, 1 paddy stock, 7 barracks, 115-meter long bridge, and some war materiel; seizing 8 weapons, 7 boats, and some ammunition and war materiel; and liberating 2 villages on Moung-Pursat battlefield, 3 villages on northwest Phnom Penh battlefield, 4 villages on Kompong Cham battlefield, 2 villages on Kampot battlefield, and 13 villages on Kompong Thom battlefield.

According to VONADK at 2315 GMT on 12 July, DK forces launched a grenade attack against a Vietnamese restaurant south of Phnom Penh on 25 June; dismantled the Vietnamese administrative networks in Moung District on 4 July, in Bakan District on 8 July, in Chamka Leu District on 6 July, in Preah Net Preah District on 3 July; and conducted various guerrilla activities on the Phnom Penh, northwest Phnom Penh, Moung-Pursat, Kompong Cham, North Sisophon, Samlot, Pailin, Siem Reap, and Kompong Speu battlefields between 20 June and 9 July. They killed 41 Vietnamese soldiers and wounded 58 others, destroyed 3 commune and 6 village administrations, 12 weapons, 1 tank, 1 truck, 1 house, 2 commune office buildings, and some war materiel; seized 1 gun, 2 maps, and some ammunition and war materiel; and liberated 4 villages on Moung-Pursat battlefield, 4 villages on north Sisophon battlefield, and 3 villages on Kompong Cham battlefield.

VONADK at 2315 GMT on 13 July reports that DK forces dispersed the Vietnamese commune and village administrative apparatuses in Seim Reap, Baray, Battambang, and Sangke Districts on 2 and 8 July and attacked and ambushed Vietnamese troops in Kompong Thom, Kompong Cham, and Siem Reap Provinces during the same period, destroying 4 commune administrative networks, 3 guns, 1 rice storehouse, and some war materiel and liberating 4 villages in Kompong Thom Province, 2 others in Battambang Province, and 60 inhabitants in Siem Reap Province.

According to VONADK at 2315 GMT on 14 July, DK forces dismantled the Vietnamese administrative networks in Kong Pisei and Sangke District on 9 July; ambushed Vietnamese trucks on south Battambang battlefield on 9 July; and conducted various other activities on Koh Kong Leu, Siem Reap, Kompong Speu, east Battambang, south Battambang, and south Sisophon battlefields between 5 and 10 July. They killed 54 and wounded 37 Vietnamese soldiers; destroyed 1 commune and 7 village administrative networks, 11 weapons, 2 trucks, and some war materiel; and seized 2 weapons.

VONADK at 2315 GMT on 15 July reports that DK forces attacked Kbal Khmoch Town west of Battambang and fired rockets into Battambang Town on 12 July and conducted other guerrilla activities on the Koh Kong Leu, Leach, Kampot, Takeo, and Moung-Pursat battlefields between 5 and 12 July, killing or wounding 73 Vietnamese soldiers; destroying 3 commune and village administrative networks, 1 gun, 1 office building, 2 barracks, and some war materiel; and liberating 10 villages on west Battambang battlefield, 8 villages on Moung-Pursat battlefield, and 2 others on Kompong Cham battlefield.

According to VONADK at 2315 GMT on 16 July, DK forces attacked the Vietnamese administrative networks in Samrong Tong District on 10 and 12 July, in Sangke District on 10 July, in Peam Ek Commune on north Battambang battlefield on 10 July, on Moung battlefield on 11 July, and in Baribo District on 1 and 11 July; ambushed a Vietnamese battalion on north Battambang battlefield on 13 July; and conducted guerrilla activities on the north Sisophon, Moung, and Kampot battlefields between 10 and 12 July, killing or wounding 54 Vietnamese soldiers; destroying 2 commune and 6 village administrative apparatuses, 25 guns, 1 commune office building, and 11 barracks; seizing 1 gun and 13 boats; and liberating 11 villages and hundreds of inhabitants on southwest Phnom Penh battlefield and 3 villages on north Battambang battlefield.

Kompong Thom Attacked

BK190108 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 18 Jul 86

[From the "Report From Various Battlefields" feature]

[Excerpt] Kompong Thom battlefield: On the night of 2 July, our national army attacked the Kompong Svay District seat at the junction of Routes 12 and 6. The attack was launched in three prongs: The first prong attacked the district office; the second attacked the Vietnamese army training center; and the third attacked the Vietnamese intelligence compound. After a 15 minute battle, we killed 10 Vietnamese soldiers on the spot, including a district official and an officer in charge of army training. We destroyed 8 assorted weapons, a Jeep, a C-46 radio, a district office building, a rice stock containing 30 sacks of rice, a map, and some war materiel; liberated 2 villages, ROUNG and THMAR; and freed 10 village militiamen forced to serve the Vietnamese. The following morning, another Vietnamese soldier was killed and four others were wounded by our mines and ambush.

/6662

CSO: 4212/90

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

CONDOLENCES TO PRC ON TYPHOON--[15 July condolence message from Khieu Samphan, Democratic Kampuchean vice president for foreign affairs, to Wu Xueqian, vice premier of the State Council and foreign minister of the PRC]--Excellency: We have heard with deep sorrow about the loss of many lives and the serious damage to property caused by a typhoon in the southern part of China. On behalf of the Cambodian people and the CGDK and in my own name, I would like to join in mourning with profoundest grief with the Chinese people and government and all the bereaved families. Please accept my highest and profoundest regards. [Signed] Khieu Samphan, Democratic Kampuchean vice president in charge of foreign affairs [Dated] 15 July 1986 [Text] [(Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 19 Jul 86 BK] /6662

SRV ESTIMATED SETTLERS IN CAMBODIA--An intelligence report from the KPNLF command says that Vietnamese settlers in Cambodia currently number more than one million. This report specifies that Vietnamese nationals settling in Cambodia are divided into two groups: Group A comprises Vietnamese who used to live in Cambodia or Vietnamese who are of Cambodian origin; Group B comprises those who have come to Cambodia for the first time. The report notes that between 1980 and 1985, the number of Vietnamese settlers increased from about 1 million to 1.2 million and is still increasing. These Vietnamese settlers are under the control of a Vietnamese organization codenamed B-68 which plans to assimilate Vietnamese in Cambodia as Cambodians by issuing Cambodian identity cards. This has been implemented since 1985. The same report specifies that where there are Vietnamese settlers, Cambodian people have a hard time even to the point of being unable to live because of the Vietnamese authorities' harassment. In Phnom Penh for example, the highest taxes on housing, water, and electricity are imposed on ordinary people until they cannot pay and are forced to leave the city on their own accord. Vietnamese nationals are then brought in. Currently, between 70 and 80 percent of the people living in Phnom Penh are Vietnamese. [Text] [(Clandestine) Voice of the Khmer in Cambodian 0500 GMT 8 Jul 86 BK] /6662

SFRY REPLY TO KHIEU SAMPHAN--[25 June message from SFRY Vice President Lazar Mojsov to DK Vice President in Charge of Foreign Affairs Khieu Samphan]--Your Excellency: I am glad to have received the pleasant congratulatory message you sent on the occasion of my election to the post of vice president of the Presidium of the SFRY. I would like to thank you and send my wishes

in return to the friendly Cambodian people, and express the conviction on the good relations between our two countries, which are nonaligned. Once again, I would like to reaffirm Yugoslavia's constant and full support for the just cause of the Cambodian people's national liberation and the efforts to resolve peacefully the serious problem of your country. [Signed] Lazar Mojsov, vice president of the SFRY Presidium [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 12 Jul 86 BK] /6662

CGDK DELEGATION TO ZAMBIA--A delegation of the CGDK led by Khieu Samphan, Democratic Kampuchean vice president in charge of foreign affairs, has left for an official friendship visit to Zambia. This is the second time Vice President Khieu Samphan has led a CGDK delegation for a visit to Africa. This past April and May the vice president paid a successful visit to seven African countries--Egypt, Kenya, Burkina Faso, Senegal, Liberia, and Guinea--which all reiterated their support for the Cambodian people's just struggle and particularly the CGDK's 8-point peace proposal. [Text] [(Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 16 Jul 86 BK] /6662

CSO: 4212/90

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